



# PROVINCIAL AUDITOR *of Saskatchewan*

## 2022 Report – Volume 2

Report of the Provincial Auditor to the  
Legislative Assembly of Saskatchewan





## PROVINCIAL AUDITOR *of Saskatchewan*

### *Vision:*

A valued legislative audit office, advancing excellence and inspiring confidence in the public sector.

### *Mission:*

Preserving independence, we promote accountability and better management of public resources.

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PROVINCIAL AUDITOR  
*of Saskatchewan*

December 2022

The Honourable R. Weekes  
Speaker of the Legislative Assembly  
of Saskatchewan  
Room 129, Legislative Building  
Regina, SK S4S 0B3

Dear Honourable R. Weekes:

I have the honour of submitting my *2022 Report – Volume 2*, to be laid before the Legislative Assembly in accordance with the provisions of section 14.1 of *The Provincial Auditor Act*.

Respectfully yours,

Tara Clemett, CPA, CA, CISA  
Provincial Auditor

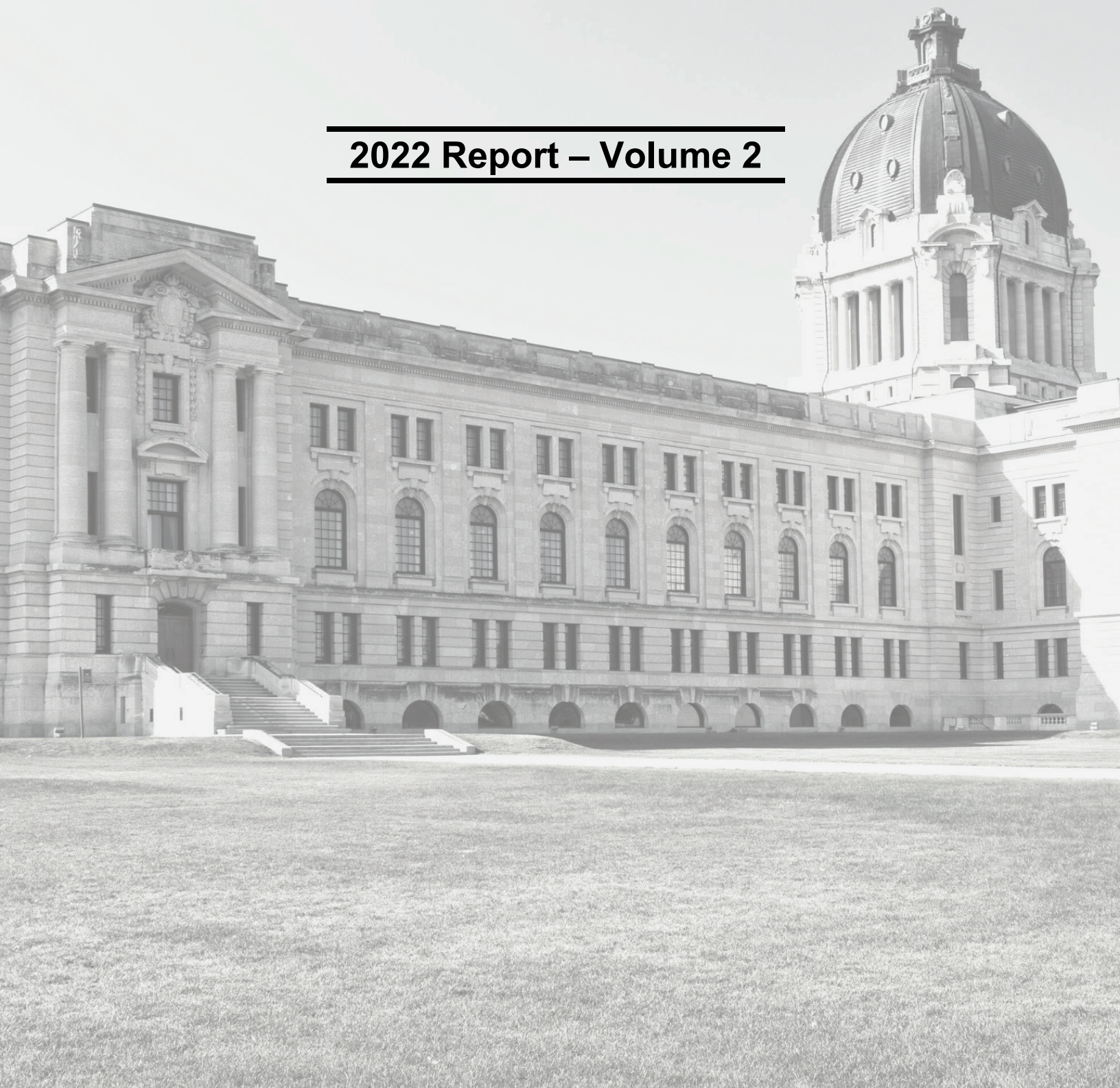
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## **2022 Report – Volume 2**





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# The Provincial Auditor's Overview

## 1.0 PREAMBLE

The Office of the Provincial Auditor is the external, independent auditor of the Government. Our Office's mission is to promote accountability and better management of public resources, by providing legislators and the public with an independent assessment of the Government's use of public resources. We do this through our audit work and publicly reported results, along with our involvement with the legislative committees charged with reviewing our Reports (i.e., the Standing Committees on Public Accounts and Crown and Central Agencies).

*The Provincial Auditor Act* makes the Office responsible for auditing the Government of Saskatchewan and approximately 260 agencies. **Appendix 1** lists each agency along with its year-end date, whether matters are reported, and, if so, in which Report.

This *2022 Report – Volume 2* provides legislators and the public critical information on whether the Government issued reliable financial statements, used effective processes to administer programs and services, and complied with governing authorities. It includes the results of examinations of different agencies completed by November 4, 2022 with details on annual integrated and performance audits, as well as our follow-up audit work on previously issued recommendations by our Office and by the Standing Committees on Public Accounts and Crown and Central Agencies.

**Section 2** of this Overview defines annual integrated, performance and follow-up audits, and highlights key findings of each section.

## 2.0 HIGHLIGHTS OF EACH SECTION

### 2.1 Annual Integrated Audits

**Integrated audits** are annual audits of agencies that examine:

- The effectiveness of their financial-related controls (e.g., processes to plan, evaluate, and coordinate financial activities) 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 (where applicable)

Since our *2022 Report – Volume 1*, our Office, along with appointed auditors (if in place), completed annual integrated audits of 163 different agencies with fiscal year-ends between January and June 2022.<sup>1</sup> These include integrated audits of 19 ministries, 100 Crown corporations and agencies, 8 pension and employee benefit plans, and 36 healthcare affiliates.

<sup>1</sup> **Appendix 1** outlines all agencies we examine. **Appendix 2** lists agencies using an appointed auditor.





This section includes concerns at only six government agencies, which means most agencies had effective financial-related controls, complied with financial and governance-related legislative authorities, and prepared reliable financial statements.

The Ministry of Social Services (**Chapter 6**) has further work to do to make sure its clients are paid correct income assistance amounts under the Saskatchewan Income Support (SIS) Program. Verifying client income and educating Ministry staff on payment and overpayment recovery requirements should support clients getting the correct income assistance amounts from SIS.

eHealth Saskatchewan (**Chapter 1**) continued to make progress on testing its IT disaster recovery plans but did not fully complete testing. Fully testing recovery plans assures key IT systems that support critical healthcare services can be successfully restored within a reasonable time when disasters occur (e.g., cyberattacks).

As **Chapter 3** reports, the Prairie Agricultural Machine Institute (PAMI) did not prepare adequate financial statements for audit in 2021–22 and did not table its March 31, 2022 financial statements in accordance with legislative requirements. PAMI management had to correct significant errors in the financial statements; PAMI's final audited financial statements are reliable. PAMI requires effective controls to accurately track revenue from its fee-for-service projects, and review and approve financial information once prepared.

The Saskatchewan Liquor and Gaming Authority (**Chapter 5**) had an adequate policy for protecting credit card information but did not follow it. The Authority inappropriately stored about 125 credit card numbers of liquor retailers and regulatory clients on its network. Not following its policy can result in loss of sensitive information.

## 2.2 Performance Audits

**Performance audits** take a more in-depth look at processes related to the management of public resources or compliance with legislative authorities. Performance audits span various topics and government sectors. In selecting which areas to audit, we attempt to identify topics with the greatest financial, social, health, or environmental impact on Saskatchewan.

This section of the Report includes the results of five non-financial, performance audits completed since our last Report (*2022 Report – Volume 1*).

### Chapter 12: Saskatchewan Health Authority—Filling Hard-to-Recruit Healthcare Positions

#### What our Office examined:

The Saskatchewan Health Authority's processes to fill hard-to-recruit positions.

#### Why our Office examined this area:

The Authority's ability to deliver cost-effective healthcare services depends on its ability to attract and retain staff on a long-term basis. To provide Saskatchewan residents with access to health services they need, the Authority must anticipate not only the number and

type of healthcare professionals required to provide those services, but also where those positions are needed most. It must also determine the current staff supply, and use its recruitment and retention programs to fill in the gaps.

#### What our Office found:

The Authority needs to:

- Continually implement and monitor the success of targeted plans to fill hard-to-recruit positions with significant gaps
- Determine the optimal supply of new graduates needed to help address staffing shortfalls
- Assess whether post-secondary training seats purchased out of province and student clinical placements are successful recruitment strategies
- Establish a First Nations and Métis recruitment and retention plan
- Centrally analyze results from staff exit interviews to influence retention strategies

- 31 hard-to-recruit positions at March 2022
- 11 hard-to-recruit positions with **chronic vacancies greater than 5%** (vacant for more than 90 days)
- **2,200 staff shortages expected in hard-to-recruit positions over next five years**, including 840 continuing care assistants, 520 registered nurses, and 180 medical laboratory technicians
- Staffing gaps not identified by healthcare facility location
- **66% of Authority staff survey respondents felt burned out from their work**

If the Saskatchewan Health Authority does not have staff available to deliver needed healthcare services, disruptions occur. Healthcare is an industry in which staffing deficiencies can mean life or death.

## Chapter 8: Corrections, Policing and Public Safety—Inmate Administrative Segregation

#### What our Office examined:

The Ministry of Corrections, Policing, and Public Safety's processes to administratively segregate inmates in its adult secure-custody correctional centres.

#### Why our Office examined this area:

The Ministry placed 49 inmates on administrative segregation in 2021, with over half due to violent or aggressive behaviour. Effective processes to administratively segregate inmates contributes to the safety and well-being of inmates and staff; however, unnecessary and prolonged segregation may leave vulnerable inmates with irreparable mental and physical health damage.

#### What our Office found:

The Ministry needs to:

- Have appropriate staff authorize administrative segregation placement decisions, and have inmate appeals reviewed by independent adjudicators. We found five placements approved by a correctional officer instead of a correctional centre manager as expected by the Ministry.



- Have quality assurance reviews assess compliance with all key policies, including appropriately documenting daily reviews (i.e., daily meetings with segregated inmates) and adequately completing healthcare assessments. Nurses in correctional centres need to adequately assess inmates' mental and physical ability to cope with administrative segregation.
- Develop an ongoing training plan for correctional centre staff involved in administrative segregation. The Ministry revised its policies in August 2022, yet did not provide training to correctional officers and nursing staff.
- Enhance written reports to senior management and the public about the use of administrative segregation. For example, other jurisdictions report publicly on the number of inmates placed on administrative segregation, the length of stay and some demographic information about inmates.

- Good practice expects inmates to be on administrative segregation **no longer than 15 consecutive days**
- In 2021, the **Ministry had 13 inmates segregated for over 15 days**; one placement for 43 days straight
- Healthcare assessments not completed as required or completed late
- **Minimum 2 hours out of cell leisure time per day expected — unable to confirm as daily reviews not documented.** One inmate spent 24 days on administrative segregation with only 8 daily reviews documented.

## Chapter 9: Finance—Enforcing Provincial Sales Tax (PST) Legislation

### What our Office examined:

The Ministry of Finance's processes to enforce compliance with PST legislation through enforcement activities including educating taxpayers about tax laws, conducting audits, and pursuing taxes owed until collected.

### Why our Office examined this area:

It is important to have the right people paying the right amount of tax. Unpaid taxes (e.g., due to tax evasion or taxpayer error) are more difficult to collect the longer amounts are outstanding.

Taxes collected, such as PST, help pay for critical services such as education, infrastructure, social services and healthcare in Saskatchewan.

### What our Office found:

Finance needs to:

- Analyze key trends in non-compliance with PST legislation to help prioritize enforcement activities. For example, PST audits in 2021–22 identified \$10 million in PST collected by vendors but not reported and paid to Finance (compared to \$3 million in 2020-21). Finance does not analyze how and why this amount is changing, and whether enforcement activities have an impact or whether changes to enforcement activities are needed.

- Over \$2 billion in PST revenue annually, almost 30% of all tax revenues
- Over 70,000 PST vendors (taxpayers) collecting PST in 2022
- **\$283 million unpaid PST at March 31, 2022**
- **\$77 million in PST revenue collected from collection activities in 2021-22**
- In 2021-22, over 1,200 PST audits generated \$47 million in PST revenue

- Enhance its reporting to senior management to better analyze PST enforcement results—if Finance did not achieve expected results, why not and what is the plan to achieve results.
- Document key judgments when selecting taxpayers for PST audits.
- Clearly support the level of risk assigned to PST collection cases. The risk level determines the collection actions taken. Not appropriately pursuing tax owing may result in Finance collecting less tax. There was about \$283 million in unpaid PST at March 31, 2022.
- Set out timeframes for reviewing audits and education activities, and communicating results to taxpayers. Delays can impact the timely receipt of PST owing.

## Chapter 10: Saskatchewan Cancer Agency—Cancer Drug Supply Management

### What our Office examined:

Saskatchewan Cancer Agency's management of its cancer drug supply.

### Why our Office examined this area:

The Cancer Agency spent over \$120 million on cancer drugs in 2021–22. Failing to purchase safe and effective cancer drugs in the right quantities can put patients at risk of not receiving the most appropriate treatment when needed. Ineffective purchasing processes also increases the risk of the Cancer Agency not obtaining best value for cancer drugs, resulting in increased costs to the healthcare system.

### What our Office found:

The Saskatchewan Cancer Agency regularly reviews and updates its cancer drug formulary, analyzes its supply needs for cancer drugs, and delivers cancer treatments to patients closer to home. However, the Cancer Agency needs to:

- Set timeframes for making decisions on drug exception requests that come from physicians. Timely decisions support timely treatment.
- Formally document its processes for getting approved cancer drugs on the drug formulary.
- Show it is obtaining best value when using sole and single source purchasing methods, and when not using group purchasing methods, as group purchasing has benefits from nationally-negotiated prices for cancer drugs.

- Over 180 cancer drugs on the formulary (i.e., approved drug list)
- 175 requests for exception drugs between July 2021 and May 2022
- **Exception drug approvals need to be timely; one decision took 64 days**
- No documented rationale for single and sole source purchases
- Cancer drug waste amounts to less than 1% of total cancer drug expenses



## Chapter 11: Saskatchewan Government Insurance—Licensing Commercial Drivers

### What our Office examined:

We examined Saskatchewan Government Insurance's (SGI) processes to license commercial (e.g., semi-truck) Class 1 drivers.

### Why our Office examined this area:

Semi-trucks are significantly larger and weigh more than the average private vehicle. They also can haul dangerous goods and oversized loads. These factors increase the risk to other drivers in the event of a collision. Operating semi-trucks requires extra training and skill.

SGI introduced mandatory entry-level training (MELT) for new Class 1 drivers in March 2019.

### What our Office found:

SGI set appropriate licensing requirements and confirmed commercial drivers met those requirements, and appropriately addressed commercial drivers' non-compliance with requirements and traffic laws. The number of driver violations (tickets) decrease when commercial drivers take MELT and gain years of driving experience.

SGI needs to:

- Periodically evaluate the effectiveness of mandatory entry-level training (MELT)
- Sufficiently confirm its Class 1 road test examiners meet requirements to be examiners

- At May 2022, close to 62,000 commercial Class 1 drivers in Saskatchewan; **about 2,800 commercial drivers have taken MELT**
- **27 certified training schools provide MELT**
- First year commercial drivers who completed MELT had, on average, fewer tickets compared to drivers who did not take MELT
- Medical reports provided based on age of a commercial driver

## 2.3 Follow-Up Audits

**Follow-up audits** assess the sufficiency of actions taken to address recommendations made in our past performance audits, and those made by the Standing Committees on Public Accounts and on Crown and Central Agencies from their review of our Reports.

Our Office systematically assesses the status of outstanding recommendations to determine whether agencies made recommended improvements. We do our first follow-up either two or three years after the initial audit, and every two or three years thereafter until the agency either implements the recommendations or we identify them as no longer relevant.

This Section of the Report includes the results of 13 follow-up audits.

Overall, agencies implemented more recommendations on an overall basis (59%) than our recent Report (*2022 Report – Volume 1*: 42%). The percentage of recommendations not implemented (at 6%) is also lower compared to our past Report (*2022 Report – Volume 1*: 18%). The extent to which agencies implement recommendations demonstrates whether the recommendations reflect areas that are important to improve public sector



management, and whether agencies act on them quick enough. We are happy to see agencies acting on our recommendations in a timelier manner, as this means public sector management is improving.

As evident from the table below, some agencies were successful in making improvements in a relatively short period. For example, Saskatchewan Polytechnic (**Chapter 22**) improved its processes to carry out applied research. Sask Polytech earns revenue by providing applied research to governments, corporations, and other third parties. Sask Polytech developed a new database to centralize and track research projects, expanded its measures to assess the success of its applied research, and established written agreements with industry partners requiring research projects.

Further work is needed at some agencies.

As noted in **Chapter 20**, the Saskatchewan Health Authority has more work to do to maintain healthcare facilities in Saskatoon and surrounding areas. Overall, facilities in Saskatoon and surrounding areas are in critical condition, and worsening. The Authority still has to set measurable service objectives to assist in determining which facilities and components are in immediate need of maintenance. Having minimum condition standards enables taking a risk-informed approach to maintenance planning. Further, the Authority is not conducting preventative maintenance activities on a consistent basis or appropriately prioritizing on-demand maintenance requests. This not only increases the risk that key facilities and components remain unrepaired longer than they should, but also that an asset may fail and cause harm to residents, patients, visitors, or staff.

As noted in **Chapter 15**, eHealth Saskatchewan still has to implement adequate configuration settings on all eHealth-managed portable computing devices to prevent exposing the eHealth IT network to viruses and malware. Portable computing devices, like laptops, create paths to IT networks. Sufficiently controlling and monitoring eHealth's IT network will also help to mitigate the impact of security breaches.

The following table summarizes the results of the 13 follow-up audits. It sets out the status of recommendations by agency, grouped by initial and subsequent follow-ups.

Chapter Name	Related Report <sup>A,B</sup>	Status of Recommendations				
		Recommendations	Implemented	Partially Implemented	Not Implemented	No Longer Relevant
Initial Follow-Ups						
eHealth Saskatchewan—Securing Portable Computing Devices	2020 V1	7	1	5	1	0
Environment—Sustainable Fish Population Management	2019 V2	9	7	1	0	1
Parks, Culture and Sport—Providing Safe Drinking Water in Provincial Parks	2019 V2	7	3	4	0	0
Saskatchewan Health Authority—Analyzing Surgical Biopsies in Regina and Saskatoon Labs	2018 V2	7	4	2	1	0



Chapter Name	Related Report <sup>A,B</sup>	Status of Recommendations				
		Recommendations	Implemented	Partially Implemented	Not Implemented	No Longer Relevant
Saskatchewan Health Authority—Maintaining Healthcare Facilities in Saskatoon and Surrounding Areas	2019 V1	10	2	7	1	0
Saskatchewan Polytechnic—Carrying Out Applied Research	2020 V2	5	5	0	0	0
<b>Initial Follow-Ups Subtotal</b>		<b>45</b>	<b>22</b>	<b>19</b>	<b>3</b>	<b>1</b>
<b>% of Initial Follow-Ups Subtotal</b>			<b>49%</b>	<b>42%</b>	<b>7%</b>	<b>2%</b>
<b>Subsequent Follow-Up Audits <sup>C</sup></b>						
Corrections, Policing and Public Safety—Community Rehabilitation of Adult Offenders	2011 V1 2013 V1 2017 V2 2020 V2	2	2	0	0	0
Corrections, Policing and Public Safety—Providing Primary Medical Care in Adult Secure-Custody Correctional Centres	2018 V1 2020 V2	7	7	0	0	0
Finance—Monitoring the Fuel Tax Exemption Program	2016 V1 2019 V1	4	1	2	1	0
Saskatchewan Impaired Driver Treatment Centre—Delivering the Impaired Driver Treatment Program	2018 V1 2020 V2	1	1	0	0	0
Saskatchewan Public Safety Agency—Coordinating Provincial Emergency Preparedness	2015 V1 2018 V1 2020 V2	1	1	0	0	0
Social Services—Minimizing Employee Absenteeism	2015 V2 2018 V1 2020 V2	2	2	0	0	0
Western Development Museum—Permanently Removing Historical Artifacts	2016 V2 2018 V2 2020 V2	1	1	0	0	0
<b>Subsequent Follow-Ups Subtotal</b>		<b>18</b>	<b>15</b>	<b>2</b>	<b>1</b>	<b>0</b>
<b>% of Subsequent Follow-Ups Subtotal</b>			<b>83%</b>	<b>11%</b>	<b>6%</b>	<b>0</b>
<b>Overall Total</b>		<b>63</b>	<b>37</b>	<b>21</b>	<b>4</b>	<b>1</b>
<b>% of Overall Total</b>			<b>59%</b>	<b>33%</b>	<b>6%</b>	<b>2%</b>

Source: Compiled by the Provincial Auditor of Saskatchewan.

<sup>A</sup> V—means Volume.

<sup>B</sup> The related Report reflects the report in which the Office first made the recommendation(s) (for initial follow-ups) and subsequent reports (for subsequent follow-ups).

<sup>C</sup> For subsequent follow-ups, the number of recommendations is the number of outstanding recommendations that remained not implemented after the previous follow-up audit.

## 3.0 ACKNOWLEDGEMENTS

Our Office continuously values the cooperation from the staff and management of government agencies, along with their appointed auditors, in the completion of the work included in this Report. We are grateful to the many experts who shared their knowledge and advice during the course of our work.

We also appreciate the ongoing support of the all-party Standing Committees on Public Accounts and on Crown and Central Agencies, and acknowledge their commitment in helping to hold the Government to account. Our Office remains focused on serving the Legislative Assembly and the people of Saskatchewan.

As Provincial Auditor, I am honoured to lead the Office, and our team of professionals. I am truly proud of their diligence and commitment to quality work. Our team's steadfast professionalism helps us fulfill our mission—to promote accountability and better management by providing legislators and Saskatchewan residents with an independent assessment of the Government's use of public resources.

Provincial Auditor Team		
Alison Wood	Eric Nyannor	Maygen Ring
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Amanda Iles	Heather Tomlin	Michelle Lindenbach
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Donna Hislop	Maro Ojaide	
Emma Brezinski	Mason Merriman	

## 4.0 ABOUT THE OFFICE OF THE PROVINCIAL AUDITOR

The Office of the Provincial Auditor is the external, independent auditor of the Government. Through *The Provincial Auditor Act*, the Provincial Auditor, the Office, and staff are independent from the Government. *The Provincial Auditor Act* makes us responsible for auditing the Government of Saskatchewan and approximately 260 agencies.

Our Office promotes accountability and better management through our audit work and public reports along with our involvement with legislative committees charged with reviewing our Reports. We routinely examine the Government's administration of its programs and services.



Our Office uses Canadian professional auditing standards published by CPA Canada to conduct our audits. As required by the Act, the Provincial Auditor reports directly to the Legislative Assembly on the results of all examinations, and highlights matters that require the attention of legislators.

Our Office strives to complete audits of value to legislators and the public. This means selecting audit topics of importance and with higher risk, and sharing the results (whether positive or negative) within a reasonable time. We aim to complete larger and more complex audits within a year of their initiation.

In addition to our Reports on our audit work results, we give legislators two key accountability reports each year—a business and financial plan, and an annual report on operations. These describe the Office, including our purpose, accountability mechanisms, staffing, and key systems and practices. These reports are publicly available on our website, as well as further details about the Office of the Provincial Auditor at [auditor.sk.ca](http://auditor.sk.ca).

## Annual Integrated Audits



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# Chapter 1

## eHealth Saskatchewan

### 1.0 MAIN POINTS

This chapter reports the results of the 2021–22 annual audit of eHealth Saskatchewan.

eHealth's 2021–22 financial statements are reliable. During 2021–22, eHealth complied with the authorities governing its activities related to financial reporting and safeguarding public resources. Other than the following areas, eHealth had effective rules and procedures to safeguard public resources for the year ended March 31, 2022.

At March 2022, eHealth did not have an adequate IT service level agreement in place with the Saskatchewan Health Authority. eHealth and the Authority signed a new master services agreement in May 2022, but continue to work together on finalizing key aspects of the agreement (e.g., security and disaster recovery requirements). Adequate service-level agreements make it clear what type of service must be provided, when, and at what cost.

eHealth continued to make progress on testing its IT disaster recovery plans for the 35 IT systems identified as critical to the health sector. It completed recovery playbooks and conducted tabletop simulation exercises for all 35 critical IT systems, but did not fully complete disaster recovery testing for these systems (e.g., test restoration of backups).<sup>1</sup> Testing recovery plans assures that critical IT systems can be successfully restored within a reasonable time when disasters occur.

### 2.0 INTRODUCTION

#### 2.1 Background

eHealth Saskatchewan's mandate is to procure, implement, own, operate, and manage critical IT services used to administer and deliver provincial healthcare services including Saskatchewan's electronic health record and health information systems, and IT systems in use at the Saskatchewan Health Authority, Saskatchewan Cancer Agency, 3sHealth, and the Ministry of Health.<sup>2,3,4</sup>

eHealth is the Saskatchewan health sector's primary disaster recovery provider for IT services. In addition, eHealth manages Saskatchewan's vital statistics registry and health registrations.<sup>5,6</sup>

<sup>1</sup> A recovery playbook, a document that typically forms part of the overall recovery plan, documents key aspects and recovery steps management must be aware of to enact the recovery plans during a crisis.

<sup>2</sup> An electronic health record is a private, lifetime record of an individual's medical information providing healthcare professionals with immediate access to a patient's test results, past treatments, and medication.

<sup>3</sup> Order in Council 734/2010 issued under *The Crown Corporations Act, 1993*, created the agency.

<sup>4</sup> In January 2017, the Minister of Health directed eHealth to consolidate IT services into a single service that the Authority, Saskatchewan Cancer Agency, and 3sHealth previously provided. eHealth also hosts IT systems used at the Ministry of Health.

<sup>5</sup> The vital statistics registry registers all births, marriages, deaths, stillbirths, legal name changes, and changes of sex designation that occur in Saskatchewan.

<sup>6</sup> eHealth's registration branch registers new Saskatchewan residents for provincial health coverage and maintains the registry of residents who are eligible for benefits. eHealth issues health service cards to residents approved for Saskatchewan's basic health coverage.



## 2.2 Financial Overview

During 2021–22, eHealth had revenues of approximately \$168 million (of which \$152 million were grants from the Ministry of Health), and expenses of \$148 million. At March 31, 2022, it held tangible capital assets with a net book value of \$11.4 million consisting primarily of computer hardware and system development costs.

**Figure 1—Financial Overview**

	Budget 2021–22	Actual 2021–22	Actual 2020–21
	(in millions)		
Grant from the Ministry of Health	\$ 137.2	\$ 151.8	\$ 138.2
Other Revenues	23.8	15.9	17.9
<b>Total Revenue</b>	<b>161.0</b>	<b>167.7</b>	<b>156.1</b>
Operational and Other Expenses	154.3	144.2	142.4
Amortization	6.0	3.9	4.4
<b>Total Expense</b>	<b>160.3</b>	<b>148.1</b>	<b>146.8</b>
<b>Annual Surplus</b>	<b>\$ 0.7</b>	<b>\$ 19.6</b>	<b>\$ 9.3</b>
Total Financial Assets <sup>A</sup>		\$ 38.9	\$ 28.3
Total Liabilities <sup>B</sup>		19.4	21.6
<b>Net Financial Assets</b>		<b>\$ 19.5</b>	<b>\$ 6.7</b>
Tangible Capital Assets		\$ 11.4	\$ 11.2

Source: eHealth Saskatchewan 2021–22 audited financial statements.

<sup>A</sup> Total Financial Assets include Due from General Revenue Fund, receivables, etc.

<sup>B</sup> Total Liabilities includes accounts payable, obligations under capital lease, etc.

## 3.0 AUDIT CONCLUSIONS

In our opinion, for the year ended March 31, 2022, we found, in all material respects:

- eHealth Saskatchewan had effective rules and procedures to safeguard public resources except for the matters identified below

We also completed a follow-up audit related to securing portable computing devices. The follow-up audit includes assessing two recommendations that impact eHealth's control of its IT network—neither of these recommendations were fully implemented at March 31, 2022.<sup>7</sup> We report the results of this follow-up audit in Chapter 15 of this Report.

- eHealth Saskatchewan complied with the following authorities governing its activities related to financial reporting, safeguarding public resources, revenue raising, spending, borrowing, and investing:

eHealth Saskatchewan's governing Orders in Council	<i>The Financial Administration Act, 1993</i>
<i>The Crown Corporations Act, 1993</i>	<i>The Vital Statistics Act, 2009</i>
<i>The Executive Government Administration Act</i>	Regulations and Orders in Council issued pursuant to the above legislation

- eHealth Saskatchewan had reliable financial statements

<sup>7</sup> We made two recommendations about eHealth's IT network in our *2020 Report – Volume 1, Chapter 6*. We recommended eHealth: implement a risk-based plan for controlling network access to mitigate the impact of security breaches; and utilize key network security logs and scans to effectively monitor the eHealth IT network and detect malicious activity.

We used standards for assurance engagements published in the *CPA Canada Handbook—Assurance* (including CSAE 3001 and 3531) to conduct our audit. We used the control framework included in COSO's *Internal Control—Integrated Framework* 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 efforts on the following areas:

- The sufficiency of its IT service level agreement with the Saskatchewan Health Authority
- Progress on testing disaster recovery plans for critical IT systems
- The completeness and accuracy of tangible capital assets
- The reasonableness of significant estimates (like accrued payroll and vacation liabilities)
- eHealth's IT controls over network access, and user access and change management for financial-related IT systems

## 4.0 KEY FINDINGS AND RECOMMENDATIONS

### 4.1 Key Aspects of IT Service Level Agreement Incomplete

***We recommended eHealth Saskatchewan sign an adequate service level agreement with the Saskatchewan Health Authority.*** (2018 Report – Volume 2; p. 25, Recommendation 1, Public Accounts Committee agreement January 12, 2022)

**Status**—Partially Implemented

At March 2022, eHealth and the Saskatchewan Health Authority were nearing completion of a new master services agreement for IT services. eHealth signed the new master services agreement with the Authority in May 2022, and expects to finalize the remaining key aspects of the agreement by March 31, 2023.

eHealth has been responsible for the majority of the Authority's IT systems since 2017–18, and signed an interim operating agreement with the Authority in 2017. We found the agreement to be inadequate to allow for appropriate monitoring of IT services. As of March 31, 2022, eHealth's consolidation of IT services was not yet complete. eHealth does not have a single, comprehensive set of IT policies or processes; and staff within the Authority continue to provide IT services.

Our review of the draft master services agreement found it included a number of key aspects for the delivery of IT services, such as IT service governance, payments and funding, quarterly reporting, and dispute resolution.



However, we found eHealth and the Authority continue to work together on finalizing other key aspects of the agreement—disaster recovery, service levels (e.g., response times, system availability), security requirements, and IT change management. **Figure 2** describes the risks associated with these undefined aspects of the master services agreement.

**Figure 2—Risks Associated with Undefined Aspects of Master Services Agreement**

Key Undefined Aspect of IT Service Agreement	Associated Risk
Disaster Recovery	Significant IT applications unavailable when needed, or loss of data in the event of a disaster.  At March 2022, eHealth had not completed or tested disaster recovery plans for certain critical IT systems and data of the Authority (e.g., lab system, hospital admissions system). The Authority depends on these IT systems and data to deliver related services.
Service Levels	Inability to determine whether a service provider is meeting client needs and whether gaps in service exist (e.g., data backups not occurring as expected, expected response times to incident tickets unmet).
Security Requirements	Systems and data inadequately secured (e.g., patches not applied in a timely manner).
IT Change Management	Changes to applications may be inappropriately executed, increasing the risk of an adverse effect on the integrity and availability of IT systems and data.

Source: Developed by the Office of the Provincial Auditor of Saskatchewan.

IT is an integral part of delivering and managing healthcare services (e.g., lab systems, accounting systems). The Authority depends on its IT data and systems to deliver healthcare services to the public. Not having an adequate service level agreement increases the risk that eHealth fails to meet the Authority's IT needs. This could in turn, increase the likelihood the Authority's systems are breached or unavailable for long periods of time.

## 4.2 Incomplete Testing of Disaster Recovery Plans

***We recommended eHealth Saskatchewan have an approved and tested disaster recovery plan for systems and data.*** (2007 Report – Volume 3; p. 248, Recommendation 6; Public Accounts Committee agreement January 8, 2008)

**Status**—Partially Implemented

eHealth is responsible for 35 critical IT systems—these are critical for the delivery of healthcare in Saskatchewan. eHealth has completed disaster recovery plans, but has not fully conducted recovery testing of those plans for these 35 critical IT systems.<sup>8</sup>

As of March 2022, eHealth completed a recovery playbook and conducted a tabletop simulation exercise for all 35 critical IT systems.<sup>9,10</sup> However, eHealth did not complete any

<sup>8</sup> Disaster recovery plans outline how to quickly recover from some event that compromises an organization's IT infrastructure (e.g., network).

<sup>9</sup> A recovery playbook, a document that typically forms part of the overall recovery plan, documents key aspects and recovery steps management must be aware of to enact the recovery plans during a crisis. Since early 2020, eHealth began writing a recovery playbook for each critical IT system.

<sup>10</sup> The tabletop exercise is a meeting to discuss a simulated emergency situation. Members review and discuss the actions they would take in a particular emergency, testing their emergency plan in an informal, low-stress environment.



further disaster recovery testing in relation to these 35 critical IT systems (e.g., full backup restores).

Without fully tested disaster recovery plans, eHealth, the Saskatchewan Health Authority, Saskatchewan Cancer Agency, and the Ministry of Health may not be able to restore their critical IT systems and data (such as the personal health registration system or provincial lab systems) in a timely manner in the event of a disaster.<sup>11</sup> These entities rely on the availability of those systems to deliver time-sensitive health services. For example, laboratory test results found in provincial lab systems provide information to help doctors provide better and more effective care for their patients, including timely diagnosis of diseases.

Effective disaster recovery planning processes require organizations to periodically validate backups of their data. Occasionally, organizations simulate an actual disaster by doing a full restore at an off-site location and check whether backups are fully functional (i.e., disaster recovery test).

As ransomware attacks are steadily rising and evolving, organizations (like eHealth) need fully tested disaster recovery plans that enable speedy and easy recovery of data from the point of attack.<sup>12</sup>

<sup>11</sup> At March 2022, eHealth's list of 35 critical systems does not include systems from 3sHealth.

<sup>12</sup> In 2019–20, eHealth experienced an IT disaster when its IT network was subject to a ransomware attack. eHealth recovered its systems and related data from backups made prior to the attack.



## Chapter 2 Executive Council

### 1.0 MAIN POINTS

During 2021–22, the Office of the Executive Council had effective rules and procedures to safeguard public resources and it complied with authorities governing its activities other than in the following area.

Executive Council continued to set remuneration rates inconsistent with the Board of Internal Economy directives. *The Legislative Assembly Act, 2007*, gives the Board clear authority to set remuneration rates of legislative secretaries through directives, and the Board has done so. Executive Council needs to work with the Board to remunerate legislative secretaries at rates consistent with the Board's approved rates. Not operating within laws and directives increases the risk of decreasing public confidence in government.

### 2.0 INTRODUCTION

#### 2.1 Background

The Office of the Executive Council provides support to the Premier, Cabinet and Cabinet Committees.<sup>1</sup> It develops and advances the Government's plan for Saskatchewan, and manages the plan's implementation across government.

Its other functions include coordinating government business in the Legislative Assembly; maintaining Cabinet documents, Orders in Council, and regulations on behalf of the Government of Saskatchewan; providing strategic direction in communications throughout the government; administering policies on communications, procurement, visual identity, and online development; and operating the Government's web, mobile and social media presence.<sup>2</sup>

#### 2.2 Financial Overview

The Office of the Executive Council spent about \$11.5 million in 2021–22. Its website details its programs and services.<sup>3</sup> **Figure 1** outlines spending details for Executive Council, as does *Public Accounts – Volume 2*.<sup>4</sup> Executive Council does not prepare or table an annual report.

<sup>1</sup> *The Executive Government Administration Act* section 26 establishes the Office of the Executive Council.

<sup>2</sup> [www.saskatchewan.ca/government/government-structure/ministries/executive-council-and-office-of-the-premier](http://www.saskatchewan.ca/government/government-structure/ministries/executive-council-and-office-of-the-premier) (22 September 2022).

<sup>3</sup> Ibid.

<sup>4</sup> [publications.saskatchewan.ca/#/categories/5584](http://publications.saskatchewan.ca/#/categories/5584) (31 October 2022).

**Figure 1—Financial Results for 2021–22 by Program**

	Estimates 2021–22	Actual 2021–22
	<b>(in thousands)</b>	
Central Management and Services	\$ 6,031	\$ 5,720
Premier's Office	492	438
Cabinet Planning	1,118	896
Cabinet Secretariat	512	480
Communications Office	1,094	1,113
House Business and Research	248	161
Members of the Executive Council	139	88
Intergovernmental Affairs	2,283	1,907
Lieutenant Governor's Office	<u>725</u>	<u>665</u>
<b>Total Expense</b>	<b>\$ 12,642</b>	<b>\$ 11,469</b>

Source: Saskatchewan Provincial Budget 2021–22 Estimates (vote 10); Office of the Executive Council 2021–22 financial records.

## 3.0 AUDIT CONCLUSIONS

In our opinion, for the year ended March 31, 2022, we found, in all material respects:

- **The Office of the Executive Council had effective rules and procedures to safeguard public resources**
- **The Office of the Executive Council complied with the following authorities governing its activities related to financial reporting, safeguarding public resources, revenue raising, spending, borrowing, and investing, except for the matter related to authority to set remuneration rates for legislative secretaries described below:**

*The Executive Government Administration Act*  
*The Members of the Executive Council Expense Regulations, 1988*  
*The Financial Administration Act, 1993*  
*The Provincial Secretary's Act (clause 3d.1)*  
*The Appropriations Act*  
*The Public Service Act, 1998*  
*The Public Service Regulations, 1999*  
*The Crown Employment Contracts Act*  
 Orders in Council issued pursuant to the above legislation

We used standards for assurance engagements published in the *CPA Canada Handbook—Assurance* (including CSAE 3001 and 3531) to conduct our audit. We used the control framework included in COSO's *Internal Control—Integrated Framework* to make our judgments about the effectiveness of the Office of the Executive Council'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 Executive Council's controls to keep reliable financial records and prepare reliable financial reports. This included examining its financial-related

controls used to administer its spending, including processes used for travel and business expense claims, and to make accurate and public semi-annual reports on ministerial travel expenses.

## 4.0 KEY FINDING AND RECOMMENDATION

### 4.1 Unclear Authority for Remuneration Paid to Legislative Secretaries

***We recommended Executive Council work with the Board of Internal Economy to remunerate legislative secretaries at rates consistent with Board of Internal Economy approved rates.*** (2018 Report – Volume 2, p. 30, Recommendation 2; Public Accounts Committee agreement February 26, 2020)

**Status—Not Implemented**

During 2021–22, the Executive Council (Cabinet) continued to set legislative secretaries' remuneration rates without clear legislated authority to do so. Also, its rates differ from rates the Board of Internal Economy approved in its directives.<sup>5</sup>

The *Legislative Assembly Act, 2007*, gives the Board of Internal Economy clear authority to set legislative secretaries' remuneration rates through directives, and the Board did so. *The Board of Internal Economy Directive #21—Annual Indemnity and Allowances* directs an annual allowance of \$14,978 for legislative secretaries.<sup>6</sup> This directive remained in effect in 2021–22.

While *The Executive Government Administration Act* gives the Lieutenant Governor in Council (Cabinet) clear authority to appoint Members of the Legislative Assembly as legislative secretaries, with or without remuneration, it does not explicitly give Cabinet the authority to set remuneration rates for the legislative secretaries.<sup>7</sup> Nevertheless, Cabinet, through various Orders in Council, both appoints various legislative secretaries and sets their remuneration rates (i.e., without remuneration or \$3,000 per year).

In 2021–22, there were two Members of the Legislative Assembly appointed as legislative secretaries by Cabinet without remuneration. These legislative secretaries were previously appointed with a pay rate of \$3,000 per year.<sup>8</sup> In May 2022, there were nine Members appointed as legislative secretaries with pay rates of \$3,000 per year.<sup>9</sup>

<sup>5</sup> Per *The Legislative Assembly Act, 2007*, section 67, the Board of Internal Economy is comprised of the Speaker of the Legislative Assembly (Chair), two Executive Council-nominated Cabinet members, two Government caucus-nominated members, and two opposition caucus-nominated members.

<sup>6</sup> Annual allowance is set in the *Board of Internal Economy Directive #21—Annual Indemnity and Allowances* issued under section 62 of *The Legislative Assembly Act, 2007*. Effective April 1, 2021, the annual allowance was \$14,978. Effective April 1, 2022, the annual allowance changed to \$15,367. Directives available at [www.legassembly.sk.ca/mlas/board-of-internal-economy/directives/](http://www.legassembly.sk.ca/mlas/board-of-internal-economy/directives/) (8 July 2022) and [www.legassembly.sk.ca/media/1172/directive-21-annual-indemnity-and-allowances.pdf%20](http://www.legassembly.sk.ca/media/1172/directive-21-annual-indemnity-and-allowances.pdf%20) (8 July 2022).

<sup>7</sup> *The Executive Government Administration Act*, section 7(1).

<sup>8</sup> Legislative Secretaries appointed to multiple ministries receive the \$3,000 once. Orders in Council 492/2021 and 493/2021 issued in 2021–22 under *The Executive Government Administration Act*.

<sup>9</sup> Orders in Council 233/2022, 234/2022, 235/2022, 236/2022, 237/2022, 238/2022, 239/2022, 240/2022 and 241/2022 issued in 2022–23 under *The Executive Government Administration Act*.





Executive Council officials continue to believe its practice related to setting legislative secretaries' remuneration is acceptable on the condition that legislative secretaries forego the amount set by the Board of Internal Economy, and accept a lesser amount. Acceptance of the appointment is considered the legislative secretaries' acceptance of the lesser amount.

During 2021–22, we did not see evidence of Executive Council working with the Board to ensure remuneration rates for legislative secretaries align (e.g., ask the Board to reconsider the rate set out in its directive). Effective April 1, 2022, the Board increased the annual allowance to \$15,367 for legislative secretaries.

Not operating within laws and directives, or taking steps to do so, increases the risk of decreasing public confidence in government.

## Chapter 3

# Prairie Agricultural Machinery Institute

### 1.0 MAIN POINTS

The Prairie Agricultural Machinery Institute (PAMI) complied with its legislative authorities except that it did not table its March 31, 2022 financial statements with the Legislative Assembly in accordance with legislative requirements. Other than the following concerns, PAMI had effective rules and procedures to safeguard public resources for the year ended March 31, 2022. PAMI did not:

- Accurately track its fee-for-service projects to enable it to properly record related revenue in its financial statements.
- Adequately review and approve financial information once prepared (e.g., journal entries, banks reconciliations).
- Prepare adequate financial statements for the 2021–22 audit. The financial statements presented for audit contained significant errors. Management corrected these errors; PAMI's final audited financial statements are reliable.

Effective processes to track fee-for-service projects allow PAMI to appropriately bill customers for work completed and correctly record fee-for-service revenue in its financial statements.

Appropriate review of financial information helps ensure management and the Board have quality and accurate financial information to make decisions.

### 2.0 INTRODUCTION

#### 2.1 Background

The Prairie Agricultural Machinery Institute provides product development, testing, and design to both prairie farmers and agricultural machinery manufacturers, as well as to the mining and transportation industries. Its mission is to “enhance sustainability and profitability in agriculture and other sectors through research, innovation, adaptation and knowledge transfer”.<sup>1</sup> At March 31, 2022, PAMI employed over 30 employees located in Humboldt, Saskatchewan and Portage la Prairie, Manitoba.

#### 2.2 Financial Overview

As shown in **Figure 1**, PAMI had a deficit of \$0.9 million for the year ended March 31, 2022 (2021: surplus of \$3.9 million).

<sup>1</sup> Prairie Agricultural Machinery Institute, *Annual Report 2020–2021*. p. 6.

**Figure 1—Financial Overview**

	Actual 2022	Actual 2021 restated <sup>A</sup>
	<b>(in millions)</b>	
Provincial Transfers:		
Government of Saskatchewan Ministry of Agriculture – Operating	\$ 0.6	\$ 1.6
Government of Manitoba Department of Agriculture, Food and Rural Development – Operating	0.3	0.3
Fee for Service	3.7	8.6
Other Income	0.6	0.8
Donations	—	3.3
<b>Total Revenues</b>	<b>5.2</b>	<b>14.6</b>
Personnel	3.3	4.3
Fee for Service Direct Costs	0.8	4.7
Administration	1.1	0.9
Operating	0.4	0.4
Amortization	0.5	0.4
<b>Total Expenses</b>	<b>6.1</b>	<b>10.7</b>
<b>Operating (deficit) surplus for the year</b>	<b>\$ (0.9)</b>	<b>\$ 3.9</b>
<b>Total Financial Assets</b> (e.g., Cash, Due from General Revenue Fund, Accounts Receivable)	<b>\$ 2.6</b>	<b>\$ 3.8</b>
<b>Total Non-Financial Assets</b> (e.g., Tangible Capital Assets, Prepaid Expenses)	<b>\$ 6.4</b>	<b>\$ 7.2</b>
<b>Total Liabilities</b>	<b>\$ 1.2</b>	<b>\$ 2.3</b>

Source: Adapted from the Prairie Agricultural Machinery Institute audited financial statements for the year ended March 31, 2022.

<sup>A</sup> In 2020–21, a project-related purchase (i.e., expense) was made and not recorded. The related fee-for-service revenue from the customer was also not recorded. PAMI corrected the prior year error in 2021–22 to reflect the correct amounts and restated the 2020–21 amounts.

## 3.0 AUDIT CONCLUSIONS

In our opinion, for the year ended March 31, 2022, we found, in all material respects:

- PAMI had effective rules and procedures to safeguard public resources except for the matters described in this chapter
- PAMI complied with the following authorities governing its activities related to financial reporting, safeguarding public resources, revenue raising, spending, borrowing, and investing except for the matter described in this chapter:

*The Prairie Agricultural Machinery Institute Act, 1999*  
*The Prairie Agricultural Machinery Institute Regulations, 1999*  
*The Financial Administration Act, 1993*  
*The Executive Government Administration Act*  
 Orders in Council pursuant to the above Acts  
 Minister Orders pursuant to the above Acts

- PAMI had reliable financial statements

We used standards for assurance engagements published in the *CPA Canada Handbook—Assurance* (including CSAE 3001 and 3531) to conduct our audit. We used the control framework included in COSO's *Internal Control—Integrated Framework* to make our judgments about the effectiveness of PAMI'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 carried out audit procedures to address the significant audit areas identified throughout the audit. Significant audit areas pose a higher risk and are areas where we focused our audit efforts. The audit included assessing PAMI's processes to record fee-for-service revenue and associated expenses (i.e., its projects), forecast its financial activities, and calculate and record work-in-progress and deferred revenue related to projects.

## 4.0 KEY FINDINGS AND RECOMMENDATIONS

### 4.1 Accurate Tracking Needed for Fee-for-Service Projects

The Prairie Agricultural Machinery Institute did not accurately track the status of its fee-for-service projects and properly record revenue and amounts billed to customers for work completed.

PAMI earns fee-for-service revenue (see **Figure 1**) for its projects conducted for farmers and agricultural machinery manufacturers, and for the mining and transportation industries. Up to August 2021, PAMI used a project listing (i.e., spreadsheet) to track invoices billed, accounts receivable, and deferred revenue.

We found:

- The project listing spreadsheet was incomplete and management did not continue to update the listing after August 2021. In July 2022, management provided a listing of the projects for 2021–22 fiscal year. However, the listing did not contain the information PAMI needed to record fee-for-service revenue in its accounts.
- Adjustments were needed at March 31, 2022, to correct fee-for-service revenue recorded for several projects that were incorrectly recorded in PAMI's accounting system (i.e., invoice amount did not agree to amount recorded in accounting system or management did not enter the invoice amount into the accounting system at all). Management had to adjust fee-for-service revenue recorded in accounting records by over \$300,000 for errors found during the audit (i.e., had to revise the initial draft financial statements provided for audit).

Not having an effective process to track fee-for-service projects increases the risk of PAMI inappropriately billing customers for work completed and incorrectly recording fee-for-service revenue in its financial statements.

1. **We recommend the Prairie Agricultural Machinery Institute accurately track its fee-for-service projects to enable it to properly record related revenue in its financial statements.**



## 4.2 Proper Review of Financial Information Needed

***We recommended the Prairie Agricultural Machinery Institute require management to conduct a detailed review of financial information (e.g., financial reports, journal entries, reconciliations, payroll registers) prepared by staff responsible for carrying out these duties. (2021 Report – Volume 2, p. 53, Recommendation 1; Public Accounts Committee has not yet considered this recommendation as at November 4, 2022)***

### **Status—Not Implemented**

The Prairie Agricultural Machinery Institute did not adequately review and approve financial information once prepared.

Adequate segregation of duties includes timely and independent review and approval of key transactions and entries. We found management neither consistently reviews and approves key financial information nor consistently documents approval. For example, we found:

- Five of six bank reconciliations tested were not reviewed and approved timely. We found management reviewed and approved bank reconciliations between 17 and 124 days after preparation.
- For the period of April 1 to September 30, 2021, management was unable to provide us evidence they approved the payroll registers PAMI uses to enter the payroll transactions into PAMI's accounting system (through journal entries). For the period October 1, 2021 to March 31, 2022, we found documentation of approvals of the payroll registers and the journal entries.
- For five of the 10 journal entries tested, PAMI was unable to locate the journal entry documentation. Therefore, we were unable to verify whether the appropriate individuals prepared and approved the journal entry. In addition, for three other journal entries tested, there was no support for the entry but the entry was approved in accordance with the delegation of authority.
- For one of two accounts receivable reports we tested, it did not have evidence of senior management's review and approval of the report. The report received for the audit to support the accounts receivable balance at March 31, 2022, was overstated by about \$100,000.

Not having an independent review of key financial information increases the risk of inaccuracies and undetected fraud. Consistent review of the financial information (e.g., review of payroll registers, reconciliations, journal entries) identifies issues and allows for corrective actions in a timely manner.

## 4.3 Detailed Review of Financial Statements Needed

***We recommended the Prairie Agricultural Machinery Institute require a full review of the year-end financial statements by management.*** (2021 Report – Volume 2, p. 54, Recommendation 2; Public Accounts Committee has not yet considered this recommendation as at November 4, 2022)

### **Status—Not Implemented**

The Prairie Agricultural Machinery Institute did not prepare adequate financial statements for audit; the 2021–22 audit identified significant errors. Management did not review financial information presented for audit in sufficient detail to identify issues.

The financial statements initially presented for the audit contained numerous errors and were incomplete.

We found:

- The notes to the financial statements required revisions to provide appropriate and complete note disclosure. For example, the draft notes provided for audit did not contain updated tangible capital asset information, or required contractual rights and contractual obligations note disclosure.
- Management was unable to provide support (i.e., invoices, reports) for amounts included in the financial statements. This required us to perform further testing. Based on our work, management made significant adjustments for financial statement items such as accounts receivable, deferred revenue, and fee-for-service revenue. See **Section 4.1**.

Having a full review of the statements and supporting materials helps to identify potential errors, make informed decisions, as well as confirms the financial statements are appropriate and align with Canadian public sector accounting standards.

Because of the numerous changes required to its financial statements during the audit, PAMI did not table its March 31, 2022 financial statements in accordance with its legislative requirements.<sup>2</sup> It did not table its 2021–22 annual report and financial statements within 120 days from year-end (i.e., by the end of July 2022) as required by *The Executive Government Administration Act*.

<sup>2</sup> Section 24 of *The Prairie Agricultural Machinery Institute Act, 1999*, requires that PAMI provide its annual report and financial statements for each fiscal year to the Minister of Agriculture as *The Executive Government Administration Act* requires. *The Executive Government Administration Act* (section 13) further requires the Minister to lay the report and financial statements before the Legislative Assembly (i.e., table the annual report) within 120 days of the year-end.





## Chapter 4

# Saskatchewan Health Authority

### 1.0 MAIN POINTS

This chapter reports the results of the 2021–22 annual audit of the Saskatchewan Health Authority.

The Authority's 2021–22 financial statements are reliable. In 2021–22, the Authority complied with the authorities governing its activities related to financial reporting and safeguarding public resources. The Authority had, other than the following areas, effective rules and procedures to safeguard public resources for the year ended March 31, 2022.

At March 2022, the Authority did not have an adequate IT service level agreement in place with its main IT service provider—eHealth Saskatchewan. The Authority and eHealth signed a new master services agreement in May 2022, but continue to work together on finalizing key aspects of the agreement (e.g., security requirements, disaster recovery expectations). Without an adequate agreement, the Authority risks being unable to effectively monitor the quality and timeliness of IT services delivered by eHealth, or know whether its critical IT systems and data are secure and will be restored in a reasonable timeframe in the event of a disaster.

To strengthen its financial controls, the Authority needs to separate incompatible duties related to paying suppliers, paying staff, and processing journal entries. Without adequate segregation of duties, the Authority faces a higher risk of fraud and undetected errors in its financial information.

### 2.0 INTRODUCTION

#### 2.1 Background

*The Provincial Health Authority Act* makes the Saskatchewan Health Authority responsible for planning, organizing, delivering, and evaluating health services within the province of Saskatchewan. The Authority's Board is responsible for administering its affairs and conducting the business of the Authority.

The Authority's mission is to improve Saskatchewan's health and well-being, every day, for everyone.<sup>1</sup> The Authority uses many affiliates and healthcare organizations to help deliver health services in the province.

<sup>1</sup> Saskatchewan Health Authority, *Annual Report to the Legislature 2021–22*, p. 5.



## 2.2 Financial Overview

As set out in **Figure 1** below, in 2021–22, the Authority had revenue and expenses of \$5.02 billion and \$4.98 billion, respectively, resulting in a surplus of \$41 million. During the year, the Authority received approximately 90% of its revenue from the Ministry of Health. At March 31, 2022, it held assets of \$2.4 billion, including capital assets of \$1.8 billion.

**Figure 1—Revenue and Expenses of the Saskatchewan Health Authority**

	Actual 2021–22	Actual 2020–21
	(in millions)	
<b>Revenue</b>		
Ministry of Health—General Revenue Fund	\$ 4,563	\$ 4,493
Other revenue	454	417
<b>Total Revenue</b>	<u>5,017</u>	<u>4,910</u>
<b>Expenses</b>		
Salaries and benefits	2,968	2,825
Medical remuneration and benefits	486	529
Grants to ambulance services, healthcare organizations, and affiliates	374	363
Medical and surgical supplies	199	168
Amortization	136	137
Other expenses	813	688
<b>Total Expense</b>	<u>\$ 4,976</u>	<u>\$ 4,710</u>
<b>Annual Surplus</b>	<u>\$ 41</u>	<u>\$ 200</u>

Source: Adapted from the Saskatchewan Health Authority audited financial statements for the year ended March 31, 2022.

## 3.0 AUDIT CONCLUSIONS

In our opinion, for the year ended March 31, 2022, we found, in all material respects:

- **The Authority had reliable financial statements**
- **The Authority had effective rules and procedures to safeguard public resources except as noted below**
- **The Authority complied with the following authorities governing its activities related to financial reporting, safeguarding public resources, revenue raising, spending, borrowing, and investing:**

*The Provincial Health Authority Act*  
*The Provincial Health Authority Administration Regulations*  
*The Special-care Homes Rates Regulations, 2011*  
*The Medical Laboratory Licensing Act, 1994*  
*The Trustee Act, 2009*  
*The Health Labour Relations Reorganization (Commissioner) Regulations*  
*The Health Administration Act*

*The Housing & Special-care Homes Regulations*  
*The Narcotic Control Regulations (Canada)*  
*The Executive Government Administration Act*  
*The Financial Administration Act, 1993*  
*The Government Service Organization (Provincial Sales Tax) Remission Regulations*  
 Orders in Council issued pursuant to the above legislation

We used standards for assurance engagements published in the *CPA Canada Handbook—Assurance* (including CSAE 3001 and 3531) to conduct our audit. We used the control framework included in COSO's *Internal Control—Integrated Framework* to make our judgments about the effectiveness of the Authority'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.

Because salaries and benefits are the Authority's primary expense, our audit included testing processes for preparing and processing payroll (including overtime). It also included testing the Authority's processes for ordering, paying for, and receiving goods and services, including numerous purchases made in relation to the COVID-19 pandemic (e.g., personal protective equipment). It examined processes to safeguard financial-related IT systems and data. It assessed the reasonableness of key estimates recorded in the financial statements (e.g., accumulated sick leave liability). The audit also assessed the reasonableness of information disclosed about the Authority's pension plan.

## 4.0 KEY FINDINGS AND RECOMMENDATIONS

### 4.1 IT Service Level Agreement Progressing

***We recommended the Saskatchewan Health Authority sign an adequate service level agreement with eHealth Saskatchewan to enable monitoring of the quality and timeliness of eHealth's provision of IT services.***

*(2018 Report – Volume 2, p. 80, Recommendation 1; Public Accounts Committee agreement March 1, 2022)*

**Status**—Partially Implemented

At March 2022, the Saskatchewan Health Authority and eHealth were nearing completion of a new master services agreement for IT services. The Authority signed the new master services agreement with eHealth in May 2022, and expects to finalize the remaining key aspects of this agreement by March 31, 2023.

The Authority moved the majority of its IT systems into eHealth's data centre in 2017–18, and signed an interim operating agreement with eHealth in 2017. We found the agreement to be inadequate to allow for appropriate monitoring of IT services.

Our review of the draft master services agreement found it includes a number of key aspects for the delivery of IT services, such as IT service governance, payments and funding, quarterly reporting, and dispute resolution.

However, we found the Authority and eHealth continue to work together on finalizing other key aspects of the agreement—disaster recovery, service levels (e.g., response times, system availability), security requirements, and IT change management. **Figure 2** describes the risks associated with these undefined aspects of the master services agreement.

**Figure 2—Risks Associated with Undefined Aspects of Master Services Agreement**

Key Undefined Aspect of IT Service Agreement	Associated Risk
Disaster Recovery	Significant IT applications unavailable when needed, or loss of data in the event of a disaster.  At March 2022, eHealth had not completed or tested disaster recovery plans for certain critical IT systems and data of the Authority (e.g., lab system, hospital admissions system). The Authority depends on these IT systems and data to deliver key health services.
Service Levels	Inability to determine whether a service provider is meeting client needs, and whether gaps in service exist (e.g., data backups not occurring as expected, expected response times to incident tickets unmet).
Security Requirements	Systems and data inadequately secured (e.g., patches not applied in a timely manner).
IT Change Management	Changes to applications may be inappropriately executed, increasing the risk of an adverse effect on the integrity and availability of IT systems and data.

Source: Developed by the Office of the Provincial Auditor of Saskatchewan.

Having an inadequate service level agreement increases the risk of the Authority not effectively monitoring whether eHealth is meeting the Authority's IT needs. For example, eHealth not having completed or tested disaster recovery plans of critical IT systems increases the risk the Authority may be unable to restore, within reasonable time, its critical IT systems and data in the event of a disaster.<sup>2,3</sup> This may adversely impact the Authority's ability to deliver healthcare services.

## 4.2 Separation of Incompatible Duties Needed

***We recommended the Saskatchewan Health Authority separate incompatible duties.*** (2019 Report – Volume 2, p. 86, Recommendation 3; Public Accounts Committee agreement March 1, 2022)

**Status**—Partially Implemented

The Saskatchewan Health Authority does not adequately separate incompatible duties related to paying suppliers, paying staff, and using journal entries to record financial transactions. The Authority uses journal entries extensively to record payroll, capital asset additions and disposals, and cash receipts.

**Figure 3** summarizes findings related to inadequate separation of incompatible duties in the areas of payments, payroll, and journal entries. Our findings were similar to those in the prior year. In 2022–23, the Authority plans to implement the new Administrative Information Management System (AIMS) to address a number of these concerns.<sup>4</sup>

<sup>2</sup> eHealth did not have a complete and tested disaster recovery plan at March 31, 2022.

<sup>3</sup> eHealth had a ransomware attack in January 2020 that resulted in a number of Authority IT systems being unavailable for extended periods.

<sup>4</sup> In 2018, the Authority signed a capital and operating project agreement with the Ministry of Health regarding implementation of AIMS. The agreement expires on March 31, 2023, and establishes provincial funding toward the project. Under the agreement, the Ministry agreed to contribute almost \$144 million toward the project between October 1, 2018 and March 31, 2023.

**Figure 3—Summary of 2021–22 Audit Findings about Inadequate Separation of Incompatible Duties**

Audit Testing Found:	Related Risk
Payments	
Certain staff have the ability to both enter new suppliers into the financial system and approve invoices for payment.	Not separating the ability to make vendor changes from the ability to approve invoices increases the risk of making payments to fictitious suppliers and not detecting errors or mistakes.  Not confirming the validity of suppliers before adding or updating them in the financial system increases the risk of making payments to fictitious suppliers.
Numerous staff located throughout the province have the authority to change information about vendors in financial systems. Changes to vendor information cannot always be identified when made.	
The Authority implemented a vendor-change form policy in 2020–21. However, we found staff are not always following the policy. For 11 of 29 new or changed suppliers we tested, staff did not approve the vendor-change form as required by policy. In addition, we found some staff throughout the province did not use the vendor-change form.	
Payroll	
Certain employees have the ability to approve their own pay increments in the payroll system. Testing did not find instances of employees approving their own pay increase.	Not appropriately separating payroll processing increases the risk of fraud and not detecting errors.
Certain payroll staff have the ability to set up new employees in the payroll system instead of separating this responsibility to human resources personnel.	
Eight employees were paid without approved timecards.	
Journal Entries	
Various accounting systems used by the Authority allow the same individual to prepare and approve journal entries.	Lack of review and approval independent of the preparation of journal entries increases the risk of unauthorized or inaccurate entries to accounting records.
The Authority does not require its staff to independently review and approve journal entries.	

Source: Developed by the Office of the Provincial Auditor of Saskatchewan.

Not separating incompatible duties increases the risk of not catching errors and situations where expected processes are not followed. In addition, not involving more than one individual in making purchases, paying employees, and processing journal entries increases the risk of undetected fraud.





## Chapter 5 Saskatchewan Liquor and Gaming Authority

### 1.0 MAIN POINTS

The Saskatchewan Liquor and Gaming Authority's 2021–22 financial statements are reliable. In 2021–22, the Authority complied with the authorities governing its activities related to financial reporting and safeguarding public resources. The Authority had effective rules and procedures to safeguard public resources for the year ended March 31, 2022, other than the Authority needed to follow its data protection policy for credit card information.

The Authority has an adequate policy for data protection, which prohibits staff from storing credit card information electronically. However, we found it inappropriately stored about 125 credit card numbers of liquor retailers and regulatory clients electronically on its network.

Not following its policy for properly protecting credit card information can result in the loss of sensitive information and negatively impact the Authority, and its clients.

### 2.0 INTRODUCTION

#### 2.1 Background

The Saskatchewan Liquor and Gaming Authority operates under *The Alcohol and Gaming Regulation Act, 1997*. The Authority is responsible for distributing liquor and gaming products, and the regulation of liquor, gaming, and cannabis.<sup>1</sup>

The Minister responsible for the Authority forms the one-member Board governing the Authority. Members of the Authority's management comprise the Boards of both SLGA Retail Inc. and SLGA Holding Inc.—the Authority's wholly-owned subsidiaries.

The Authority operates government-owned retail stores through its subsidiary SLGA Retail Inc.<sup>2</sup> It also distributes liquor to retail store permittees who sell liquor to the public.

The Authority owns and operates all video lottery terminals (VLTs) in Saskatchewan. In addition, the Authority owns and manages all slot machines located in the casinos of Saskatchewan Indian Gaming Authority Inc. (SIGA). The Authority owns the VLTs and slot machines through its subsidiary, SLGA Holding Inc.<sup>3</sup>

The Authority contracts the operation of its VLT program to Western Canada Lottery Corporation—Saskatchewan Video Lottery Division. It also contracts the operation of slot machines at SIGA casinos (including the operation of a related Casino Management System) to SIGA.

<sup>1</sup> Saskatchewan Liquor and Gaming Authority, *Saskatchewan Liquor and Gaming Authority—Plan for 2021–22*.

<sup>2</sup> SLGA Retail Inc. was approved for incorporation under Order in Council 423/2016. It was incorporated under *The Business Corporations Act* as a wholly-owned subsidiary of the Authority on September 28, 2016.

<sup>3</sup> SLGA Holding Inc. was approved for incorporation under Order in Council 312/2018. It was incorporated under *The Alcohol and Gaming Regulation Act, 1997*, as a wholly-owned subsidiary of the Authority on June 26, 2018.



## 2.2 Financial Overview

In 2021–22, the Authority generated revenues of just over \$1 billion, expenses of \$0.5 billion, and comprehensive income of almost \$0.5 billion. At March 31, 2022, the Authority held consolidated assets and liabilities each worth \$0.3 billion.

**Figure 1** shows the Authority's key financial results by segment—liquor, VLTs, slot machines, other gaming, and cannabis.

**Figure 1—Authority's Key Financial Results for 2021–22 by Segment**

	Liquor	VLT	Slot Machines in SIGA Casinos	Other Gaming	Cannabis	Total
	(in millions)					
Total Revenues <sup>A</sup>	\$ 678.8	\$ 217.0	\$ 177.3	\$ 0.8	\$ 0.7	\$ 1,074.6
Total Expenses	403.9	64.9	107.1 <sup>B</sup>	11.2	3.7	590.8
<b>Total Comprehensive Income (Loss)</b>	<b>\$ 274.9</b>	<b>\$ 152.1</b>	<b>\$ 70.2</b>	<b>\$ (10.4)</b>	<b>\$ (3.0)</b>	<b>\$ 483.8</b>

Source: Adapted from Saskatchewan Liquor and Gaming Authority's 2021–22 consolidated financial statements.

<sup>A</sup> Includes other comprehensive income.

<sup>B</sup> Under the Casino Operating Agreement, the Authority allows SIGA to deduct reasonable costs incurred from slot machine revenue in accordance with the operating policies approved by the Authority.

## 3.0 AUDIT CONCLUSIONS

In our opinion, for the year ended March 31, 2022, we found, in all material respects:

- **The Saskatchewan Liquor and Gaming Authority had effective rules and procedures to safeguard public resources, except for the matter reported below**
- **The Saskatchewan Liquor and Gaming Authority, SLGA Holding Inc., and SLGA Retail Inc. complied with the following authorities governing their activities related to financial reporting, safeguarding public resources, revenue raising, spending, borrowing, and investing:**

**Saskatchewan Liquor and Gaming Authority:**

*The Alcohol and Gaming Regulation Act, 1997*  
*The Alcohol Control Regulations, 2016*  
*The Cannabis Control (Saskatchewan) Act*  
*The Cannabis Control (Saskatchewan) Regulations*  
*The Executive Government Administration Act*  
*The Environmental Management and Protection Act, 2010 (Sections 40 to 45)*  
*The Environmental Management and Protection (General) Regulations (Section 12)*  
*The Financial Administration Act, 1993*  
*The Gaming Regulations, 2007*  
*The Liquor and Gaming Authority Employee Code of Conduct Regulations*

*The Liquor Consumption Tax Act<sup>4</sup>*  
*The Customs Tariff Act (Canada)*  
*Excise Act (Canada) (Schedule I, II, II.1)*  
*Excise Tax Act (Canada) (Section 188)*  
*Excise Act, 2001 (Canada) (Schedule 4-6)*  
*Criminal Code of Canada (Section 207)*  
 Orders in Council issued pursuant to the above legislation  
 2002 [Gaming] Framework Agreement, as amended  
 2002 Casino Operating Agreement, as amended  
 Western Canada Lottery Corporation Operating Agreement  
 Indigenous Gaming Regulators Licensing Agreement

<sup>4</sup> SLGA Retail Inc. is responsible to impose and collect Liquor Consumption Tax (LCT); the Authority remits LCT on behalf of SLGA Retail Inc.

**SLGA Holding Inc.**

*The Alcohol and Gaming Regulation Act, 1997*  
*The Gaming Regulations, 2007*  
*The Executive Government Administration Act*

*The Financial Administration Act, 1993*  
 Orders in Council issued pursuant to the above  
 legislation

**SLGA Retail Inc.**

*The Alcohol and Gaming Regulation Act, 1997*  
*The Business Corporations Act*  
*The Business Corporations Regulations*  
*The Environmental Management and Protection*  
*Act, 2010 (Section 40)*  
*The Environmental Management and Protection*  
*(General) Regulations (Section 12)*

*The Executive Government Administration Act*  
*The Financial Administration Act, 1993*  
*The Liquor Consumption Tax Act*  
 Orders in Council issued pursuant to the above  
 legislation

➤ **The Saskatchewan Liquor and Gaming Authority, SLGA Holding Inc., and SLGA Retail Inc. each had reliable financial statements**

We used standards for assurance engagements published in the *CPA Canada Handbook—Assurance* (including CSAE 3001 and 3531) to conduct our audit. We used the control framework included in COSO's *Internal Control—Integrated Framework* to make our judgments about the effectiveness of the Authority'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.

The audit of the Authority included examining its financial-related controls used to administer revenues and expenses, safeguard assets, prepare reliable financial reports/statements, and monitor SIGA's operations. This included evaluating its significant financial-related IT systems, assessing inventory controls, and evaluating the work of its Gaming Integrity Branch and Audit Services Branch for legislative compliance over liquor and gaming activities in the province. Audit work also included assessing the reasons behind the cybersecurity incident that occurred in December 2021, how the Authority responded to the incident, changes to the Authority's processes and controls up to early April 2022, the overall impact on the Authority's financial IT systems, and how well the Authority recovered.

In addition, the audit included assessing the accounting for significant related party transactions with SLGA Holding Inc. and SLGA Retail Inc., the accuracy of year-end consolidation adjustments, and the elimination of inter-entity transactions.

## 4.0 KEY FINDING AND RECOMMENDATION

### 4.1 Need to Follow its Data Protection Policy for Credit Card Information

The Saskatchewan Liquor and Gaming Authority needs to follow its established policies when obtaining credit card information. The Authority has a policy for data protection; however, we found staff were storing credit card information of liquor retailers and regulatory clients electronically, which is prohibited under the policy.

The Authority does not directly obtain or store customer credit card information (e.g., through pin-pad transactions) when customers purchase items at retail liquor stores.



The Authority does obtain credit card information directly from liquor retailers (e.g., private liquor stores) to collect payment for liquor purchases. As well, the Authority obtains credit card information from clients regulated by the Authority to collect permit fees and levies (e.g., cannabis permit fee, locally-manufactured craft alcohol production levy). The preferred method for obtaining this credit card information is over the phone, and where necessary, storing it in manual form in a secure manner.

The Authority's IT Data Protection Policy prohibits staff from storing credit card information in any electronic format (e.g., within a document saved on its network) and from sending it through email or instant messaging. We consider these requirements appropriate. Annually, the Authority requires staff to read this policy.

In December 2021, the Authority was subject to an external cyberattack where an unauthorized third-party may have accessed or taken sensitive information, including credit card information.<sup>5</sup>

After the cyberattack, Authority management assessed how it stored credit card information. We reviewed management's assessment and found staff stored some credit card information obtained from liquor retailers and regulatory clients on the Authority's network, which is not in accordance with its policy. The Authority indicated it identified about 125 unique credit card numbers it inappropriately stored electronically in 2021–22.

Not following its policy for properly protecting (e.g., storing, deleting) credit card information can result in the loss of sensitive information and negatively impact the Authority.

- 1. We recommend the Saskatchewan Liquor and Gaming Authority follow its established policy for protecting credit card information it receives from liquor retailers and regulatory clients (e.g., for liquor purchases, permit fees).**

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<sup>5</sup> [www.slga.com/about-slga/publications/notice](https://www.slga.com/about-slga/publications/notice) (30 May 2022).

## Chapter 6 Social Services

### 1.0 MAIN POINTS

This chapter reports the results of our annual audit of the Ministry of Social Services and its three special purpose funds for the year ended March 31, 2022. Each fund complied with authorities governing their activities and their 2021–22 financial statements are reliable.

The Ministry complied with authorities governing its activities and had effective rules and procedures to safeguard public resources other than it needs to improve its processes to administer the Saskatchewan Income Support (SIS) Program by:

- Reinforcing with staff the legislative and policy requirements for paying correct shelter benefits
- Verifying the accuracy of clients' income information with third-party sources (e.g., Federal Government)
- Adequately recording overpayments and recovering them in a timely manner

The Saskatchewan Income Support (SIS) Program provided support of \$154 million to clients in 2021–22. Not complying with legislative and policy requirements, or not regularly verifying SIS client income with third-party sources, increases the risk of the Ministry paying clients incorrect income assistance amounts. This can result in the Ministry overpaying clients and having difficulty collecting overpayments if clients leave SIS.

During 2021–22, the Ministry paid third-party service providers (i.e., community-based organizations) over \$390 million for services delivered to at-risk residents of Saskatchewan (e.g., elderly, persons with disabilities). We found the Ministry reviewed the results of service providers' annual financial analysis reports within reasonable timeframes.

### 2.0 INTRODUCTION

#### 2.1 Background

The mandate of the Ministry of Social Services is to help children be safe from abuse and neglect, and help individuals to meet their basic needs and participate in their community.<sup>1</sup> The Ministry provides support through income assistance, child and family services, affordable housing, and supports for people with disabilities.<sup>2</sup> Key programs and services include childcare subsidies, adoption services, child protection, foster care, financial assistance, and housing programs.<sup>3</sup> The Ministry also builds capacity in community-based organizations.

<sup>1</sup> Ministry of Social Services, *Annual Report for 2021–22*, p. 4.

<sup>2</sup> Ibid.

<sup>3</sup> Ibid.





## 2.2 Financial Overview

In 2021–22, the Ministry of Social Services spent more than \$1.2 billion delivering its programs (see **Figure 1**). Appropriations (money from the General Revenue Fund) fund the Ministry. It also reported revenues totalling about \$50 million primarily from Federal Government transfers (e.g., special allowances for children in care).<sup>4</sup>

**Figure 1—Expenses by Program**

	Estimates 2021–22	Actual 2021–22
	(in millions)	
Central Management and Services	\$ 55.9	\$ 56.2
Income Assistance Services	618.8	545.9
Child and Family Services	353.8	354.2
Client Support	12.9	12.9
Housing	12.7	16.0
Disability Programs and Services	283.2	272.2
<b>Total Appropriation</b>	<b>\$ 1,337.3</b>	<b>\$ 1,257.4</b>
Capital Asset Acquisitions	(5.2)	(6.6)
Capital Asset Amortization	8.0	7.7
<b>Total Expense</b>	<b>\$ 1,340.1</b>	<b>\$ 1,258.5</b>

Source: Ministry of Social Services, *Annual Report for 2021–22*, pp. 22–23.

## 2.3 Crown Agency and Special Purpose Funds

The Ministry is responsible for the Saskatchewan Housing Corporation, which has a December 31 year-end. We reported the results of our 2021 audit of the Saskatchewan Housing Corporation in our *2022 Report – Volume 1*.

The Ministry is also responsible for the following funds with March 31 year-ends:

- Social Services Central Trust Account
- Social Services Valley View Centre Grants and Donations Trust Account and Institutional Collective Benefit Fund
- Social Services Valley View Centre Residents' Trust Account

## 3.0 AUDIT CONCLUSIONS

In our opinion, for the year ended March 31, 2022, we found, in all material respects:

- **The Ministry of Social Services had effective rules and procedures to safeguard public resources except for the matters described in this chapter**

<sup>4</sup> Ministry of Social Services, *Annual Report for 2021–22*, p. 24.

- **The Ministry of Social Services and each of its funds complied with the following authorities governing its activities related to financial reporting, safeguarding public resources, revenue raising, spending, borrowing, and investing except for the matter described in this chapter:**

*The Child and Family Services Act*  
*The Child Care Act, 2014*  
*The Child Care Regulations, 2015*  
*The Social Services Administration Act*  
*The Department of Social Services Central Trust Account Regulations*  
*The Social Services Rehabilitation Institutional Collective Benefit and Trust Account Regulations*  
*The Rehabilitation Act*  
*The Rehabilitation Regulations*  
*The Vocational Rehabilitation Regulations*  
*The Residential Services Act*  
*The Private-Service Homes Regulations*  
*The Residential-Service Facilities Regulations*  
*The Saskatchewan Assistance Act*  
*The Saskatchewan Income Support Regulations*

*The Disability Housing Supplement Regulations*  
*The Employment Supplement Regulations*  
*The Personal Care Home Benefit Regulations*  
*The Rental Housing Supplement Regulations*  
*The Saskatchewan Assistance Regulations, 2014*  
*The Saskatchewan Assured Income for Disability Regulations, 2012*  
*The Transitional Employment Allowance Regulations, 2005*  
*The Saskatchewan Income Plan Act*  
*The Seniors Income Plan Regulations*  
*The Executive Government Administration Act*  
*The Ministry of Social Services Regulations, 2007*  
*The Financial Administration Act, 1993*  
*The Purchasing Act, 2004*  
 Orders in Council issued pursuant to the above Legislation

- **The financial statements of each fund are reliable**

We used standards for assurance engagements published in the *CPA Canada Handbook—Assurance* (including CSAE 3001 and 3531) to conduct our audits. We used the control framework included in COSO's *Internal Control—Integrated Framework* 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 focused our audit on the following areas:

- Administration of the various programs (e.g., Saskatchewan Income Support [SIS], Saskatchewan Assured Income for Disability [SAID], Autism Individualized Funding) as prescribed by the legislation and policy manuals
- Processes to verify client income information for its income assistance programs
- Process for identifying, approving, and properly recording all contractual payments and obligations

## 4.0 KEY FINDINGS AND RECOMMENDATIONS

### 4.1 Incorrect SAID Payments Still Occurring But Not Significant

***We recommended the Ministry of Social Services follow its established processes that ensure only eligible clients receive assistance and that they receive the correct amount of assistance.*** (2000 Report – Volume 3, p. 221, Recommendation 2; Public Accounts Committee agreement June 6, 2001)

**Status**—Intent of Recommendation Implemented



Since 2001, we found Ministry employees inconsistently following legislation or policies and procedures for making payments to social assistance clients. In 2021, the Ministry closed two of its income support programs (Saskatchewan Assistance and Transitional Employee Allowance) because it created the new Saskatchewan Income Support (SIS) Program in 2019. In 2021–22, the Ministry of Social Services continued to not follow legislation or policies and procedures for making payments to Saskatchewan Assured Income for Disability (SAID) program clients resulting in incorrect payments during the year.<sup>5</sup> However, our analysis found the overall estimated errors in SAID payments were not significant for 2021–22; we will continue to examine SAID payments on an annual basis to determine significance.

The Ministry processes over 600,000 client and program payments each year for all of its income assistance programs.

**Figure 2** lists the Ministry's six major income assistance programs and associated caseloads (i.e., number of clients). As **Figure 2** indicates, the most significant expenses in 2021–22 related to the Saskatchewan Assured Income for Disability (SAID) Program at almost \$274 million, and Saskatchewan Income Support (SIS) Program at \$154 million. We highlight incorrect support payments under SIS in **Section 4.2**. This section outlines payments concerns for SAID.

**Figure 2—Caseloads and Spending for Income Assistance Programs**

Program	2021–22		2020–21	
	Monthly Average Caseload	Expense (in millions) <sup>B</sup>	Monthly Average Caseload	Expense (in millions) <sup>B</sup>
Saskatchewan Assured Income for Disability	17,632	\$ 273.7	16,581	\$ 246.2
Saskatchewan Income Support	12,906	154.2	8,036	83.7
Seniors Income Plan	13,985	28.5	14,737	28.7
Rental Housing Supplements	7,050	20.7	8,307	26.5
Saskatchewan Assistance <sup>C</sup>	4,775	18.3	8,480	106.3
Transitional Employment Allowance <sup>C</sup>	1,194	3.6	2,685	23.7
Other <sup>A</sup>	N/A	46.9	N/A	45.1
<b>Total</b>	<b>57,542</b>	<b>\$ 545.9</b>	<b>58,826</b>	<b>\$ 560.2</b>

Source: Adapted from information provided by the Ministry of Social Services.

<sup>A</sup> Other includes Saskatchewan Employment Supplement, Child Care Parent Subsidies, Seniors Personal Care Home Benefit, Income Assistance Community Services, and Income Assistance Program Delivery expenses.

<sup>B</sup> Ministry of Social Services, *Annual Report for 2021–22*, p. 22.

<sup>C</sup> On August 30, 2021, the Ministry closed its Saskatchewan Assistance Program (SAP) and Transitional Employment Allowance (TEA) Program. The Ministry required any clients remaining on these programs to apply for support from the Saskatchewan Income Support (SIS) Program, or their benefits would end.

The Ministry's process to accept clients into its SAID Program requires proof of eligibility and demonstrated need. Clients provide proof (e.g., identification, recent utility bills, rent receipt, wage stubs, a bank statement), as support for their income assistance claim. The

<sup>5</sup> In addition to payments for the Saskatchewan Assured Income for Disability (SAID) Program, Recommendation 2 from our 2000 Report – Volume 3 also previously included results from our testing of the Ministry's income support payments for the Saskatchewan Assistance Program (SAP) and Transitional Employment Allowance (TEA) Program. The Ministry closed its SAP and TEA programs on August 31, 2021.

Ministry uses this information to confirm eligibility, as well as the amount of income support before granting payment approval.

There are instances where the Ministry may provide financial support before it receives all documentation required for proof of eligibility and demonstrated need (e.g., in emergency situations).

The Ministry expects staff to review and approve documentation for SAID payments to ensure eligible clients not only receive assistance, but also receive the correct amount. Legislation outlines income assistance benefits the Ministry may pay to eligible clients under the SAID Program (e.g., travel costs for clients with a disability when transportation is required for employment, education, and/or medical purposes).<sup>6</sup> Detailed Ministry policies and procedures further define the benefits.

In 2021–22, we tested 100 SAID payments and found Ministry staff approved 15 payments inconsistent with Ministry policy and/or legislation (e.g., approved when payment not properly supported, or payment made at incorrect rates) resulting in the Ministry either providing clients with too much support, or not enough. We notified the Ministry of the errors identified and it made necessary adjustments to the respective client files (e.g., recorded an overpayment).

We used our audit results to estimate the overall impact for the Ministry's almost \$274 million of SAID payments during 2021–22. Our analysis found the overall estimated errors in SAID payments was not significant to the Ministry (i.e., just over 1% of the Ministry's SAID payments).<sup>7</sup>

Not complying with legislation, and Ministry policies and procedures, increases the risk of paying clients incorrect income assistance amounts. The Ministry continues to reinforce with staff the importance of paying social assistance clients at the correct rates.

## 4.2 Not Always Complying with Requirements for SIS Shelter Benefits

The Ministry of Social Services does not consistently comply with legislative and policy requirements associated with paying shelter benefits to clients under the Saskatchewan Income Support (SIS) Program.<sup>8</sup> We found two instances where shelter benefits were paid at incorrect rates and four instances where there was no support for benefits paid.

Shelter benefits represented about two-thirds of the Ministry's SIS payments in 2021–22—about \$103 million out of \$154 million.<sup>9</sup>

Section 13 of the Ministry's SIS policy manual sets out the legislative and policy requirements for shelter benefits under the program. The Ministry provides clients with shelter benefits to cover the cost of shelter-related items such as rent, mortgage, utilities,

<sup>6</sup> *The Saskatchewan Assured Income for Disability Regulations, 2012.*

<sup>7</sup> Assessing significance considers qualitative and quantitative factors (e.g., deviation rates, total payment amounts).

<sup>8</sup> *The Saskatchewan Income Support Regulations* outline income assistance benefits the Ministry may pay to eligible clients under the SIS Program.

<sup>9</sup> Adapted from information provided by Ministry of Social Services.



property taxes, homeowners insurance, home repairs, and security deposits.<sup>10</sup> **Figure 3** sets out the program's monthly shelter benefit rates for 2021–22.

**Figure 3—2021–22 Monthly Shelter Benefit Rates for the Saskatchewan Income Support (SIS) Program**

Location	Singles	Couples	Families (1 or 2 children)	Families (3 or more children)
Saskatoon or Regina	\$575	\$750	\$975	\$1,150
Rest of the province	\$525	\$650	\$750	\$850

Source: *Saskatchewan Income Support Program Policy Manual—November 2021*, p. 33.

<sup>A</sup> In September 2022, the Ministry increased the monthly shelter benefits by \$25 per month in Saskatoon and Regina, and by \$15 per month in the rest of the province.

To be eligible for the monthly shelter benefit, clients must submit relevant documentation (e.g., proof of rent or ownership) and resubmit documentation upon a change in circumstances (e.g., upon expiry of a lease, change in residence). The Ministry expects staff to follow up with clients to obtain all necessary documentation or suspend client benefits.

We tested 24 payments that included shelter benefits under SIS and found:

- Two instances (8%) where the Ministry did not pay clients in accordance with the rates set out in **Figure 3**. For example, we found one client caring for three children who received the shelter benefit for a single individual (\$525) rather than the family benefit (\$850). Ministry staff rectified the error once we notified them of it.
- Four instances (17%) where clients did not provide appropriate documentation supporting their shelter benefits (e.g., current tenancy agreement, rent receipts). Not obtaining appropriate support increases the risk of paying clients incorrect shelter benefits.

Not complying with legislative and policy requirements increases the risk of the Ministry paying clients incorrect income assistance amounts. Providing staff with additional training or guidance about the shelter benefits available within the SIS Program should help enhance staff understanding of and compliance with the various requirements.

1. **We recommend the Ministry of Social Services reinforce with staff the requirements for paying shelter benefits under the Saskatchewan Income Support Program.**

## 4.3 Income Verification Needed for SIS Clients

***We recommended the Ministry of Social Services verify client income information for its Saskatchewan Income Support Program. (2020 Report – Volume 2, p. 94, Recommendation 1; Public Accounts Committee agreement March 2, 2022)***

**Status**—Not Implemented

<sup>10</sup> *Saskatchewan Income Support Program Policy Manual—November 2021*, p. 33.

The Ministry of Social Services does not yet verify the accuracy of Saskatchewan Income Support (SIS) Program clients' income information with third-party sources (e.g., Federal Government).

The Ministry averaged 12,906 clients on SIS each month and, as shown in **Figure 2**, it spent \$154.2 million on SIS payments in 2021–22.

The Ministry requires SIS clients to report their income and provide supporting documentation. Unlike its other major income assistance programs (e.g., Saskatchewan Assured Income for Disability), the Ministry has not set up a process to confirm proof of income for SIS clients with third parties (e.g., the Federal Government). Therefore, the Ministry has neither independently verified clients' reported incomes nor verified their need for income assistance, which increase the risk of providing SIS clients with incorrect income support amounts.

The Ministry's other income assistance programs electronically screen clients against information provided by third parties to identify clients who receive income from other sources (e.g., employment insurance, student loans, workers' compensation). The Ministry anticipates screening SIS clients against similar information on a case-by-case basis but has yet to establish a timeframe for doing so. Receipt of other income can either reduce benefit amounts clients can claim under SIS or impact their overall eligibility for income assistance.

The March 2020 introduction of federal income-support programs related to the COVID-19 pandemic may have provided a significant income source for some of Saskatchewan's income support clients. The Ministry was unable to obtain confirmation from the Federal Government on payments made under various federal income-support programs (e.g., Canadian Emergency Response Benefit).

The Federal Government indicated it will provide income tax data to the Ministry by March 2023; however, this delay will likely diminish the Ministry's ability to collect overpayments as clients often gradually leave income assistance programs.

Regular use of third-party confirmations verify the accuracy of key information (e.g., client income) reported by clients. Not obtaining and checking third-party information to verify client income increases the risk of providing income assistance through SIS to ineligible clients, or the Ministry paying incorrect SIS benefits.

## 4.4 Inconsistent Recording and Recovery of SIS Overpayments

***We recommended the Ministry of Social Services record and recover overpayments related to its Saskatchewan Income Support program in a timely manner.*** (2020 Report – Volume 2, p. 95, Recommendation 2; Public Accounts Committee agreement March 2, 2022)

**Status**—Partially Implemented

The Ministry of Social Services continued to inconsistently record, and did not adequately recover, Saskatchewan Income Support (SIS) Program overpayments during 2021–22.



An overpayment occurs when the Ministry pays a SIS client before receiving all information necessary to confirm a client's eligibility for benefits, or where it makes an error in determining a benefit amount. At March 31, 2022, the Ministry recorded \$3.8 million accounts receivable related to SIS overpayments. The Ministry expects staff to initiate recovery of overpayments in the month following payment. The Ministry can also pay clients' housing security deposits with the understanding that clients will repay these benefits beginning the following month of receiving payment.<sup>11,12</sup>

Starting in February 2020, the Ministry's IT system used to administer SIS Program benefits allows staff to establish automatic payment recovery (beginning the following month) and record the related amount due (i.e., accounts receivable) for overpayments from future SIS benefits.

We found staff were not always setting up an automatic recovery for known overpayments. In 14% (i.e., two of 14) of SIS client files we tested with known overpayments, Ministry staff did not record the overpayments and set up the collection from future benefits through the automatic payment recovery process.

We also found in 43% (i.e., six of 14) of SIS client files we tested with known overpayments, the Ministry set up, but did not recover, overpayments either at all or for a number of months during the year. A number of these known overpayments related to recoverable security deposits, where the Ministry recorded the overpayment but did not appropriately set up the collection from future benefits through the automatic payment recovery process in the IT system.

Ministry staff updated relevant information in the IT system once we notified them of the errors, and the IT system properly recorded the overpaid amounts (i.e., through an automated process).

Not recording amounts due and not initiating automatic payment recovery delays timely overpayment recovery. In addition, the Ministry will have limited ability to collect on overpayments if clients leave SIS.

## 4.5 Timely Analysis of Service Provider Financial Information

***We recommended the Ministry of Social Services perform timely reviews on all the performance information submitted by the community-based organizations.*** (2007 Report – Volume 3, p. 75, Recommendation 4; Public Accounts Committee agreement January 8, 2008)

**Status**—Implemented

<sup>11</sup> The Ministry considers security deposits to be recoverable payments. We include these with overpayments in this section.

<sup>12</sup> The Ministry's policies allow SIS clients to request and receive security deposit payments, which they pay back to the Ministry at a rate of \$50 per month. Similarly, the Ministry's policies require it to recover any benefits overpaid to a SIS client at a rate of \$50 per month.



The Ministry of Social Services reviews the results of third-party service providers' (i.e., community-based organizations) annual financial analysis reports within reasonable timeframes.<sup>13</sup>

At March 31, 2022, the Ministry had service agreements with 212 third-party service providers. During 2021–22, the Ministry paid these service providers approximately \$392 million (2020–21: \$390 million).<sup>14</sup> The Ministry paid more than half of its community-based funding to 26 service providers.<sup>15</sup>

Through its service agreements, the Ministry requires third-party service providers to submit various reports (e.g., financial) within specified timeframes (e.g., 120 days after year-end). Management sets a target to receive and review 90% of the annual reports submitted within the specified deadlines (or inversely, 10% of the reports may be late). The Ministry follows up with service providers who do not submit their reports by the specified timeframes through email and phone calls.

The Ministry aims to receive and complete its review of service providers' annual financial analysis reports by November 30 each year. The Ministry reviews these reports to determine whether the community-based organizations appropriately used the funding it provided.

We tested 30 annual financial analysis reports for community-based organizations and found the Ministry achieved its target of receiving and reviewing 90% of the annual reports tested by November 30.

Reviewing the annual financial analysis reports of third-party service providers in a timely manner allows the Ministry to identify issues and to take prompt corrective action (e.g., adjust future funding).

<sup>13</sup> The Ministry uses service providers, also referred to as community-based organizations, to offer services to at-risk Saskatchewan residents who experience social, psychological, behavioural and cognitive difficulties. Community-based organizations also deliver programs for persons with developmental disabilities, and the elderly.

<sup>14</sup> Information provided by Ministry of Social Services management.

<sup>15</sup> Ibid.



## Chapter 7

### Summary of Implemented Recommendations

#### 1.0 MAIN POINTS

This chapter lists agencies that implemented recommendations from previous annual integrated audits or IT audit work with no other significant findings included as a chapter in this Report.

#### 2.0 SUMMARY OF IMPLEMENTED RECOMMENDATIONS

The table below sets out, by agency, the recommendations as well as highlights key actions taken by the agency to implement its recommendations.

Past Recommendation (Initial PAS Report, Date of Agreement of PAC) <sup>a</sup>	Key Actions Taken During 2021–22 to Implement Recommendation
<b>Advanced Education</b>	
We recommended the Ministry of Advanced Education adequately monitor the activities of subsidiaries incorporated by the University of Saskatchewan and the University of Regina. (2019 Report – Volume 2, p. 20, Recommendation 1; Public Accounts Committee agreement September 6, 2022)	<p>In August 2022, the Ministry of Advanced Education signed a memorandum of understanding with the University of Saskatchewan to monitor the activities of that University's subsidiaries. As part of this agreement, the University will share certain subsidiary information with the Ministry on a quarterly basis (e.g., Board minutes, new capital projects). The Ministry will start receiving this information in the last quarter of 2022–23.</p> <p>The University of Regina currently does not have any subsidiaries, but the Ministry plans to sign a similar agreement with that University if it incorporates subsidiaries in the future.</p>
<b>All Nations' Healing Hospital Inc.</b>	
We recommended the All Nations' Healing Hospital Inc. seek the permission required by <i>The Provincial Health Authority Act</i> and <i>The Provincial Health Authority Administration Regulations</i> when undertaking projects valued at greater than \$100,000. (2020 Report – Volume 2, p. 47, Recommendation 1; Public Accounts Committee had not yet considered this recommendation as of November 4, 2022)	During 2021–22, All Nations' Healing Hospital Inc. in Fort Qu'Appelle obtained permission from the Minister of Health for the one capital project exceeding \$100,000 (i.e., new helipad) as required under <i>The Provincial Health Authority Act</i> and <i>The Provincial Health Authority Administration Regulations</i> .
<b>Energy and Resources</b>	
We recommended the Ministry of Energy and Resources formally identify and evaluate risks for the Accelerated Site Closure Program. (2021 Report – Volume 2, p. 24, Recommendation 1; Public Accounts Committee had not yet considered this recommendation as of November 4, 2022)	<p>In June 2021, the Ministry of Energy and Resources formally assessed the risks of its Accelerated Site Closure Program. It appropriately evaluated the significance (e.g., likelihood of occurrence and impact) of 16 risks that could prevent the program from achieving its objectives. It also developed mitigation strategies for each risk identified.</p> <p>The Ministry's Program Steering Committee, which oversees this Program, approved the evaluation of risks in June 2021. We also observed the Ministry's Committee routinely considered Program risks during its weekly meetings.</p>



Past Recommendation (Initial PAS Report, Date of Agreement of PAC) <sup>A</sup>	Key Actions Taken During 2021–22 to Implement Recommendation
We recommended the Ministry of Energy and Resources finalize and approve its Accelerated Site Closure Program Steering Committee Charter. (2021 Report – Volume 2, p. 25, Recommendation 2; Public Accounts Committee had not yet considered this recommendation as of November 4, 2022)	In September 2021, the Ministry of Energy and Resources finalized and approved its Accelerated Site Closure Program Steering Committee Charter.
We recommended the Ministry of Energy and Resources maintain a written record of Accelerated Site Closure Program Steering Committee meeting activities and decisions. (2021 Report – Volume 2, p. 25, Recommendation 3; Public Accounts Committee had not yet considered this recommendation as of November 4, 2022)	Starting in May 2021, the Ministry of Energy and Resources maintained robust records of meeting activities and decisions made by its Program Steering Committee. For example, Committee minutes tracked items discussed during meetings that required further actions, decisions made, and a summary of discussions that occurred.
We recommended the Ministry of Energy and Resources obtain the approval required by <i>The Executive Government Administration Act</i> for its grant payments made under the Accelerated Site Closure Program. (2021 Report – Volume 2, p. 26, Recommendation 4; Public Accounts Committee had not yet considered this recommendation as of November 4, 2022)	The Ministry of Energy and Resources obtained the approval required by <i>The Executive Government Administration Act</i> for grant payments made under the Accelerated Site Closure Program in February 2022 (Order in Council 42/2022).
We recommended the Ministry of Energy and Resources obtain sufficient documentation to record accurate and complete revenue for the Accelerated Site Closure Program. (2021 Report – Volume 2, p. 27, Recommendation 5; Public Accounts Committee had not yet considered this recommendation as of November 4, 2022)	<p>During the year, the Ministry of Energy and Resources appropriately revised its agreement with the Accelerated Site Closure Program service provider (i.e., Saskatchewan Research Council) to clarify what information it needed and by when to update its financial records at year-end (e.g., Program revenue by April 12).</p> <p>We found the Ministry received appropriate and timely year-end financial information from its Program service provider, consistent with its expectations in the amended agreement.</p>
<b>Highways</b>	
We recommended the Ministry of Highways accurately record its contractual obligations. (2021 Report – Volume 2, p. 48, Recommendation 1; Public Accounts Committee has not yet considered this recommendation as of November 4, 2022)	At March 31, 2022, the Ministry of Highways recorded \$990 million in contractual obligations in its financial records. We found the Ministry accurately recorded the amounts for all contracts.
We recommended the Ministry of Highways increase its monitoring of compliance with established transaction limits for purchases made using purchasing cards. (2020 Report – Volume 1, p. 30, Recommendation 1; Public Accounts Committee agreement February 8, 2021)	<p>We tested 12 instances where the Ministry of Highways made multiple payments on the same day to the same vendor on one purchase card. We did not find any split transactions (i.e., instances where the cardholder split the transaction into multiple payments to get around the purchase card transaction limit). Each payment was for a unique invoice.</p> <p>While we found multiple payments on one purchase card on the same day, we also found them reasonable due to the nature of the Ministry's business. The Ministry often makes multiple purchases (e.g., replacement of machinery parts) from the same vendor on the same day.</p>

Past Recommendation (Initial PAS Report, Date of Agreement of PAC) <sup>A</sup>	Key Actions Taken During 2021–22 to Implement Recommendation
We recommended the Ministry of Highways implement policies to better oversee purchases of regulated firearms and ammunition to ensure they support its business needs. (2020 Report – Volume 1, p. 31, Recommendation 2; Public Accounts Committee agreement February 8, 2021)	<p>On May 12, 2021, revisions to <i>The Police Regulations</i> came into effect. The revisions require the Ministry of Highways to obtain approval from the Ministry of Corrections, Policing and Public Safety prior to purchasing any regulated firearms, ammunition for firearms, or any intervention or special equipment (i.e., equipment used to carry out enforcement duties).</p> <p>We tested two purchases of regulated ammunition and found the Ministry of Highways followed the regulations and obtained approval from the Ministry of Corrections, Policing and Public Safety prior to purchasing the ammunition.</p>
<b>Water Security Agency</b>	
We recommended the Water Security Agency implement and test a business continuity plan. (2010 Report – Volume 2, p. 296, Recommendation 1; Public Accounts Committee agreement January 20, 2011)	On June 5, 2020, the Water Security Agency signed a contract with a third-party provider for cloud disaster recovery service. In February 2021, the Water Security Agency tested the disaster recovery site and had a successful test result. It also analyzed the test results and communicated them to management in 2021.

<sup>A</sup> PAS: Provincial Auditor of Saskatchewan  
PAC: Standing Committee on Public Accounts





## **Performance Audits**

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## Chapter 8

# Corrections, Policing and Public Safety—Inmate Administrative Segregation

### 1.0 MAIN POINTS

The Ministry of Corrections, Policing and Public Safety provides inmate care, control, and supervision for inmates in all four provincial correctional centres. This includes placing inmates on administrative segregation. Administrative segregation is used in correctional centres to keep an inmate away from the general population for safety or security reasons.

In 2021, the Ministry had 54 placements of 49 inmates on administrative segregation, compared to 75 placements in 2020.

Between January 2021 and April 2022, we found 13 inmates who were on administrative segregation greater than 15 days (ranged between 16 and 43 days). Good practice suggests that inmates should not be subject to administrative segregation placement for longer than 15 days.

Inmates on administrative segregation are supposed to receive a minimum of two hours out of cell leisure time per day and staff are to document whether this occurred (through daily reviews). Nurses are supposed to complete healthcare assessments to evaluate the inmate's mental and physical ability to cope with administrative segregation and identify risk factors that may present concerns.

At May 2022, the Ministry had, other than in the following areas, effective processes to administratively segregate inmates in its adult secure-custody correctional centres. The Ministry needs to:

- Develop an ongoing training plan for correctional centre staff involved in administrative segregation
- Have appropriate correctional centre staff authorize administrative segregation placement decisions, as well as properly complete reviews (i.e., initial placement, daily, 7-day, 14-day) and healthcare assessments as required by its administrative segregation policy
- Broaden its quality assurance reviews to include all key policy requirements (e.g., completion of daily reviews, quality of healthcare assessments)
- Enhance written reports to senior management and publicly report key information about the use of administrative segregation

Effective processes to administratively segregate inmates contribute to the safety and well-being of inmates and staff. Unnecessary or prolonged segregation may leave vulnerable inmates with irreparable mental and physical health damage that may lead to higher healthcare costs (e.g., self-harm injuries) and, in extreme cases, to avoidable life loss (e.g., suicide).



## 2.0 INTRODUCTION

This chapter outlines the results of our audit of the Ministry of Corrections, Policing and Public Safety's processes to administratively segregate inmates in its adult secure-custody correctional centres for the 12-month period ending May 31, 2022. This audit did not include disciplinary segregation.<sup>1</sup>

## 2.1 Background

Under *The Correctional Services Act, 2012*, the Ministry of Corrections, Policing and Public Safety is responsible for the establishment, administration, maintenance, and operation of correctional facilities.<sup>2</sup>

The Ministry uses its adult secure-custody correctional centres to restrict and monitor the movements and activities of inmates, while supporting the delivery of rehabilitation programs. Saskatchewan's four adult secure-custody correctional centres are:

- Prince Albert Correctional Centre
- Regina Correctional Centre
- Saskatoon Correctional Centre
- Pine Grove Correctional Centre (for women)

These correctional centres house adult inmates sentenced under *The Criminal Code of Canada* for a term of less than two years, or inmates on remand (lawfully detained or confined and are awaiting trial or sentencing by the courts). At March 2022, Saskatchewan had over 1,800 inmates in its adult secure-custody correctional centres of which about 44% are sentenced and 56% are on remand.<sup>3</sup>

In 2021–22, the Ministry spent \$171 million on custody services.<sup>4</sup> The Ministry's Custody Services Unit (in its Custody, Supervision and Rehabilitation Services Division) had 1,873 full-time equivalent (FTE) staff (i.e., 54% of the Ministry's 3,491 FTE) at March 31, 2022.

The Custody Services Unit provides inmate care, control, and supervision for inmates in all four correctional centres. This includes inmate administrative segregation.

Administrative segregation is a status within a correctional centre (i.e., not a designated location or security rating). It is a temporary, non-punitive measure that does not include disciplinary segregation or temporary confinement pending a disciplinary hearing.<sup>5</sup> The Ministry utilizes administrative segregation as a last resort to contribute to the safety of inmates, staff, and the public, and as assistance in maintaining the security of the correctional centre. For example, inmates may be placed on administrative segregation for

<sup>1</sup> Disciplinary segregation is imposed as a penalty for an offence committed while in prison (e.g., engaging in violent behaviour, manufacture/possession of alcohol or another intoxicant, possessing or attempting to bring in contraband). An inmate is separated from other inmates and confined to a cell, unit, or secure area for a period not exceeding 10 days for a single offence.

<sup>2</sup> *The Correctional Services Act, 2012*, s. 4(2).

<sup>3</sup> Information provided by the Ministry of Corrections, Policing and Public Safety.

<sup>4</sup> Ministry of Corrections, Policing and Public Safety; Ministry of Justice and Attorney General; and Saskatchewan Firearms Office, *Annual Report for 2021–22*, p. 22.

<sup>5</sup> The Ministry of Corrections, Policing and Public Safety, *Policy No. 405—Administrative Segregation*, p. 1.

situations such as violent or aggressive behaviour, disruptive or non-compliant behaviour, or at an inmate's request for their own safety.

Effective processes to administratively segregate inmates contributes to the safety and well-being of inmates, staff, and the public. Unnecessary or prolonged segregation may leave vulnerable inmates with irreparable mental and physical health damage that may lead to higher healthcare costs (e.g., self-harm injuries) and, in extreme cases, to avoidable life loss (e.g., suicide).

### 3.0 AUDIT CONCLUSION

**We concluded that, for the 12-month period ended May 31, 2022, the Ministry of Corrections, Policing and Public Safety had, other than in the following areas, effective processes to administratively segregate inmates in its adult secure-custody correctional centres.**

**The Ministry needs to:**

- **Develop an ongoing training plan for correctional centre staff involved in administrative segregation**
- **Have appropriate correctional centre staff authorize administrative segregation placement decisions**
- **Properly complete reviews (i.e., initial placement, daily, 7-day, 14-day) and healthcare assessments as required by its administrative segregation policy**
- **Broaden quality assurance reviews to include all key policy requirements (e.g., daily reviews, healthcare assessments)**
- **Enhance written reports to senior management and publicly report key information about the use of administrative segregation**
- **Have inmate appeals reviewed by independent adjudicators to align with good practice**

**Figure 1—Audit Objective, Criteria, and Approach**

**Audit Objective:**

To assess whether the Ministry of Corrections, Policing and Public Safety had effective processes to administratively segregate inmates in its adult secure-custody correctional centres for the 12-month period ending May 31, 2022.

**Audit Criteria:**

Processes to:

1. **Establish administrative segregation requirements consistent with good practice**
  - Maintain policies and procedures for administrative segregation that align with good practice and legislation
  - Communicate policies and procedures
  - Train staff on administrative segregation
2. **Appropriately place inmates on administrative segregation**
  - Determine whether inmate warrants administrative segregation (e.g., complete necessary assessments, explore alternatives to administrative segregation prior to placement)



- Properly authorize, with support, inmate placement on administrative segregation
- Conduct review of initial inmate placement (e.g., segregation review panel reviews, healthcare assessment)
- Regularly assess (e.g., daily, weekly, biweekly) continued administrative segregation placements
- Reassess administrative segregation decision quickly when requested by inmates (i.e., appeals)

### 3. Monitor inmate administrative segregation

- Maintain quality assurance processes to monitor compliance with legal and policy requirements
- Respond to inmate complaints about administrative segregation timely
- Analyze key information about inmate administrative segregation (e.g., number of inmates placed on administrative segregation, length of segregation)
- Adjust practices in response to result of analysis (e.g., policies, training), as needed
- Periodically report key information to senior management and the public

#### Audit Approach:

To conduct this audit, we followed the standards for assurance engagements published in the *CPA Canada Handbook—Assurance* (CSAE 3001). To evaluate the Ministry's processes, we used the above criteria based on our related work, review of literature including reports of other auditors, and consultations with management. The Ministry's management agreed with the above criteria.

We examined the Ministry's policies and procedures relating to administrative segregation. We interviewed key staff responsible for inmate administrative segregation. We tested a sample of inmates placed on administrative segregation to assess whether staff followed the Ministry's established processes. In addition, we observed inmates placed on administrative segregation in each of the four correctional centres. We also used an independent consultant with subject matter expertise in the area to help us identify good practice and assess the Ministry's processes.

## 4.0 KEY FINDINGS AND RECOMMENDATIONS

### 4.1 Requirements for Inmate Administrative Segregation Generally Consistent with Good Practice

The Ministry of Corrections, Policing and Public Safety maintains clear and up-to-date policy and procedures for placing inmates on administrative segregation; however, the Administrative Segregation Policy did not align with good practice in certain areas (e.g., the length of time an inmate can be placed on administrative segregation).

The Ministry sets out requirements for administrative segregation in its Administrative Segregation Policy. The policy's objective is to provide standards for management of inmates placed on administrative segregation. Adherence to the policy ensures that due diligence is taken with respect to placement and review of inmates on administrative segregation in a manner that balances the duty to act fairly with safe and secure facility operations.<sup>6</sup> See **Figure 2** for the content summary of the policy.

**Figure 2—Administrative Segregation Policy Content Summary**

- Definition of administrative segregation
- General standards (e.g., inmates shall receive a minimum of two hours out of cell leisure time per day)
- Placement requirements (e.g., justification assessments)
- Notification (i.e., process to notify inmates of the reason[s] they are placed on administrative segregation)
- Composition of review panels
- Timing of reviews (i.e., daily, initial placement [2-day], 7-day, 14-day)
- Appeal process
- Healthcare assessment requirements (e.g., required at initial placement and at 14-day review, complete healthcare assessment form)<sup>A</sup>
- Accountability (i.e., quality assurance audits)

Source: Adapted from the Ministry of Corrections, Policing and Public Safety's Administrative Segregation Policy.

<sup>A</sup> Starting in August 2022, the Ministry requires correctional centre nursing staff to complete healthcare assessments at the initial placement review and at the 7-day review instead.

<sup>6</sup> The Ministry of Corrections, Policing and Public Safety, *Policy No. 405—Administrative Segregation*, p. 1.

We found the Ministry's policy describes the administrative segregation process clearly and in sufficient detail. We also found the policy aligns with *The Correctional Services Act, 2012*, and *The Correctional Services Regulations, 2013*.

However, we found certain aspects of the Ministry's policy in place during our audit period did not align with good practice. For example, good practice suggests that inmates should not be subject to administrative segregation placement for longer than 15 days.<sup>7</sup> It also suggests inmates should have a five-day break between segregations. Between January 2021 and April 2022, we found 13 inmates who were on administrative segregation greater than 15 days (ranged between 16 and 43 days).

The Ministry makes the administrative segregation policy available to correctional centre staff and the public on its website.<sup>8</sup> It also keeps the policy up to date.

In August 2022, the Ministry approved a revised policy. We found the revised policy now aligns with good practice as inmates are not to be placed on administrative segregation status for longer than 15 consecutive calendar days and they are not to be placed back on administrative segregation status unless a minimum of five calendar days from the end of the previous placement has passed.

To ensure correctional centre staff consistently follow the policy requirements, we recommend the Ministry enhance its quality assurance processes to assess adherence to the policy and report the results to senior management (see **Sections 4.8** and **4.9**).

Aligning policy and procedures with good practice and having guidance readily available to staff helps decrease the risk to inmates, including the mental health risks associated with administrative segregation.

## 4.2 Ongoing Training Plan Related to Administrative Segregation Needed

The Ministry of Corrections, Policing and Public Safety does not have a training plan to regularly provide refresher training to staff involved in administrative segregation.

Upon hiring, the Ministry provides all new correctional centre staff (e.g., managers, correctional officers, nurses) 11 weeks of training, which includes a module on administrative segregation. This module is a one-hour presentation with the objective of enabling participants to:

- Understand legislative requirements for placing an inmate on administrative segregation
- Understand the administrative segregation process
- Ensure placements are justified, properly documented, and respect inmates' retained rights (e.g., right to contact a lawyer)

<sup>7</sup> United Nations Office on Drugs and Crime, *The United Nations Standard Minimum Rules for the Treatment of Prisoners (the Nelson Mandela Rules)*.

<sup>8</sup> [publications.saskatchewan.ca/#/products/102069](https://publications.saskatchewan.ca/#/products/102069) (23 August 2022).



However, we found the module on administrative segregation to be outdated. For example, it notes placement reviews are required every 21 days instead of 14 days (the current requirement).

As part of the orientation training, correctional centre staff also receive three days of mental health training. This training addresses mental health issues related to inmates, including substance and addiction disorders, neurodevelopmental disorders (e.g., fetal alcohol syndrome), and signs and symptoms. It also covers other areas such as staff response and follow up, as well as staff self-care. This aligns with good practice.

However, we found the Ministry does not provide correctional centre staff refresher training on administrative segregation processes after orientation. It does not have a training plan to do so.

In June 2022, the Ministry provided refresher training on administrative segregation processes to correctional centre managers at three of the four correctional centres. We found this training included the new processes in the August 2022 revised policy (e.g., maximum 15 days on administrative segregation). We found the Ministry did not provide this training to correctional officers or nursing staff. Management indicated the Ministry expects to provide refresher training to the managers at the fourth correctional centre in September 2022.

Good practice also recommends training be provided when individuals move into a position involved in administrative segregation decision-making or oversight (i.e., correctional centre managers), and to nursing staff providing healthcare assessments. It also recommends providing training to all staff involved when significant changes in legislation, regulation, or operational policy related to administrative segregation occur.

Not providing regular refresher training to those involved in administrative segregation processes increases the risk of inmates being inappropriately placed on administrative segregation, which could affect the health and well-being of those inmates.

- 1. We recommend the Ministry of Corrections, Policing and Public Safety develop a training plan to regularly provide refresher training to correctional centre staff involved in administrative segregation.**

### **4.3 Requirements for Placement Decisions Not Always Followed**

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The Ministry of Corrections, Policing and Public Safety does not always properly complete and approve decisions for inmates placed on administrative segregation.

Designated correctional staff may order an inmate placed on administrative segregation if there are reasonable grounds as defined by *The Correctional Services Act, 2012* (see **Figure 3**).



**Figure 3—Reasonable Grounds for Administrative Segregation as Defined by Legislation**

- Inmate has acted, has attempted to act, or intends to act in a manner that jeopardizes the security of the correctional centre or the safety of inmates, staff or the public AND the continued presence of the inmate in the general inmate population would jeopardize the security of the correctional centre or the safety of inmates, staff, or the public
- The continued presence of the inmate in the general inmate population would interfere with an investigation that could lead to a criminal charge or a charge of a major disciplinary offence
- The continued presence of the inmate in the general population would jeopardize the inmate's own safety

Source: Adapted from the Ministry of Corrections, Policing and Public Safety's Administrative Segregation Policy.

The Ministry requires correctional centre managers to complete an assessment prior to placing an inmate on administrative segregation or within 24 hours of placement.

The assessment guides staff through a series of questions to determine whether an inmate's placement on administrative segregation is justified. The assessment includes:

- Reason for assessment (e.g., initial placement or review of placement, legislative reason)
- Establishing the facts (e.g., behaviour witnessed by staff, reported by multiple sources)
- Risk assessment (e.g., severity of the threat that could materialize if the inmate is not placed on administrative segregation)
- Consideration of alternatives (e.g., informal resolution, behavioural management contract, unit transfer, facility transfer)

Overall, in 2021, the Ministry had 54 placements for 49 inmates on administrative segregation.

We tested 20 inmate files and found:

- Three assessments were completed by inappropriate staff—correctional officers completed the assessment rather than the appropriate correctional centre manager
- One assessment did not document the rationale for placing the inmate on administrative segregation or alternatives considered

Fourteen assessments were completed timely (i.e., same day as inmate placement). However, the Ministry was unable to provide us with six assessments; therefore, we could not confirm whether the assessments were properly completed and inmate placements were justified. Management indicated this was due to a lack of a centralized location to keep completed assessments. In August 2022, the Ministry enhanced its Administrative Segregation Policy and now requires correctional centre staff to save a copy of each completed assessment in its IT system—Criminal Justice Information Management System.



Once the justification assessment is complete, the same correctional centre manager is to approve the administrative segregation placement decision. The Ministry uses a placement form to formally have managers document placement decisions (e.g., legislated reason) and explain reasons for placement (e.g., incident details).

In our testing of 20 inmate files, we found five inmate placements on administrative segregation were not properly authorized. In all cases, a correctional officer approved the placement decision instead of an appropriate correctional centre manager.

Not having appropriate staff completing and approving administrative segregation placement decisions increases the risk that inmates may be placed on administrative segregation inappropriately.

**2. We recommend the Ministry of Corrections, Policing and Public Safety have appropriate correctional centre staff authorize administrative segregation placement decisions.**

#### 4.4 Communication of Decision to Inmates on Administrative Segregation Not Always Evident

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Correctional centre staff do not always communicate the decision of administrative segregation to inmates.

The administrative segregation placement form includes a section to acknowledge correctional centre staff verbally inform inmates about an administrative segregation placement decision and their right to contact a lawyer. Staff are to sign the form confirming they verbally informed inmates.

We tested 20 inmate files and found staff did not sign 12 administrative segregation placement forms to indicate they verbally informed the inmate of the reason for placement and their right to contact a lawyer.

Good practice recommends inmates placed on administrative segregation also sign the form to indicate acknowledgement of the placement decision.

In August 2022, the Ministry enhanced its administrative segregation placement form to require inmates to sign off that they were notified of the placement decision and their right to contact a lawyer.

To ensure correctional centre staff are following the new requirements, we recommend the Ministry enhance its quality assurance reviews and confirm inmates are signing off on placement decisions (see **Section 4.8**).

Inadequately communicating administrative segregation placement decisions to inmates increases the risk inmates may be unaware of both the reason for the placement decision and their right to contact a lawyer to appeal the decision. This could result in the Ministry being subject to unwarranted litigation.

## 4.5 Administrative Segregation Review Requirements Set, But Not Always Followed

Correctional centre staff do not always complete administrative segregation reviews and healthcare assessments as required in the Administrative Segregation Policy.

The Ministry of Corrections, Policing and Public Safety set specific requirements for various reviews and assessments in its Administrative Segregation Policy. For example, the policy sets out the requirements for:

- Initial placement reviews (i.e., 2-day review)
- Healthcare assessments
- Daily reviews
- Long-term reviews (i.e., 7-day and 14-day)

As described below, we found correctional centre staff were not always following the policy.

Without completing and documenting the required reviews and healthcare assessments of inmates placed on administrative segregation, it increases the risk inmates remain on segregation longer than necessary. This could negatively affect the health and well-being of an inmate. It also increases the risk that inmates already suffering from mental illnesses or other issues may find their condition deteriorate further while on administrative segregation.

### 3. We recommend the Ministry of Corrections, Policing and Public Safety follow its policy requirements (i.e., reviews, healthcare assessments) for inmates placed on administrative segregation.

To increase the likelihood correctional centre staff follow administrative segregation policy requirements (e.g., timing of reviews, conduct appropriate reviews), the Ministry should provide regular refresher training on administrative segregation processes. See **Recommendation 1** about developing a training plan to regularly provide refresher training to correctional centre staff involved in administrative segregation.

We also recommend the Ministry enhance its regular quality assurance reviews and provide feedback to the correctional centres on non-compliance with the policy (see **Section 4.8**).

### 4.5.1 Initial Placement Reviews Not Always Done

Correctional centre staff do not always properly complete the initial placement reviews (2-day review) of inmates placed on administrative segregation.

Once an inmate is placed on administrative segregation, the Ministry of Corrections, Policing and Public Safety requires correctional centre staff to conduct a 2-day review to assess whether the placement was justified. Each correctional centre forms segregation



review panels consisting of 1–3 appointed correctional centre managers to conduct the reviews. The correctional centre manager who placed the inmate on administrative segregation is not permitted to participate in the initial placement review.

The segregation review panel:

- Ensures legislative requirements were met for the placement
- Reviews the justification assessment to ensure staff considered alternatives
- Reviews other pertinent information (e.g., incident details)
- Considers any representations provided by the inmate
- Reviews an assessment by a healthcare professional (see **Section 4.5.2**)

The Ministry requires review panels to complete the initial placement review using the 2-day review form, within two business days (as required by legislation), of an inmate's placement on administrative segregation. Once completed, correctional centre staff are to inform the inmate of the segregation review panel's placement decision.

We tested 20 inmate files and found:

- Three files did not have a 2-day review completed at all.
- Five files had the correctional centre manager who placed the inmate on administrative segregation inappropriately participate in the 2-day review.
- Two files did not have the proper 2-day review form completed. As a result, a segregation review panel was not formed.
- Six files had no staff signature to indicate they verbally informed the inmates of the 2-day review results, reason for placement and the inmates' right to contact a lawyer. In August 2022, the Ministry enhanced its 2-day review form to require inmates to sign off that they were notified of the placement decision and their right to contact a lawyer.
- Eight files had the 2-day review completed within three business days (instead of two as required).

Good practice recommends correctional centre staff complete 2-day reviews within two calendar days. Currently, the Ministry is mandated by legislation to have the reviews completed within two business days. As a result, some inmates may remain on administrative segregation longer than necessary.

We found seven instances where inmates were placed on administrative segregation late in the week (i.e., Thursday or Friday) and did not have a 2-day review completed until the next week (i.e., Monday or Tuesday). Therefore, inmates waited up to five calendar days to have their placement decision reviewed. We found these inmates continued on administrative segregation after the reviews took place.

Not properly completing initial placement reviews in a timely manner increases the risk inmates are on administrative segregation longer than necessary. This could negatively affect the health and well-being of the inmate.

#### 4.5.2 Healthcare Assessments Not Always Completed

Correctional centres' nursing staff do not always complete healthcare assessments on inmates placed on administrative segregation.

As part of the initial placement and 14-day review, nurses are to complete, and correctional centre managers are required to review, a current healthcare assessment. Nurses in the medical unit of the correctional centre complete these assessments to evaluate the inmate's mental and physical ability to cope with administrative segregation and identify risk factors that may present concerns. Nurses keep the assessments in a separate medical file (i.e., not stored in the Ministry's IT system). **Figure 4** sets out examples of what nurses consider when completing the assessment.

**Figure 4—Healthcare Assessment Considerations**

<ul style="list-style-type: none"> <li>• Recent head injury</li> <li>• Acquired brain injury</li> <li>• Cognitively challenged</li> <li>• Intoxication/withdrawal</li> <li>• Disorientation/confusion/incoherent</li> <li>• Language barrier/limited communication</li> <li>• History of abuse (physical/sexual/psychological)</li> <li>• Medical delirium</li> <li>• Altered level of consciousness</li> <li>• Diabetic</li> </ul>	<ul style="list-style-type: none"> <li>• Mental health problems/Mental illness</li> <li>• Suicidal ideation/self-harm tendencies</li> <li>• Psychosis</li> <li>• Psychiatric medications</li> <li>• Compliant with medications</li> <li>• Hallucinations</li> <li>• Delusions</li> <li>• Dementia/Alzheimer's/Korsakoff's</li> <li>• Paranoia</li> <li>• Insight</li> <li>• Hydration</li> </ul>
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Source: Adapted from the Ministry of Corrections, Policing and Public Safety's Administrative Segregation In-Person Healthcare Assessment.

The Administrative Segregation Policy requires nurses to advise correctional centre managers, in writing, whether they recommend either an inmate's placement be discontinued or any adjustments to the conditions. However, we found the assessment form only required nurses to provide comments, not to specifically make recommendations.

We tested 20 inmate files and found:

- Four healthcare assessments were not required as the inmate was removed from administrative segregation within two days
- Three healthcare assessments were not completed as required
- Thirteen healthcare assessments were completed as required
- Seven of the 13 healthcare assessments were completed late ranging between three and seven calendar days
- Ten of the 13 completed assessments did not include information about inmates' ability to cope on administrative segregation, or recommend whether placement could continue or be discontinued



We also interviewed four correctional centre nurses and found a lack of understanding on when healthcare assessments should be carried out. For example, some nurses still referred to a 21-day review, which no longer exists. As we note in **Section 4.2**, nurses do not receive refresher training on administrative segregation processes.

In August 2022, the Ministry revised its administrative segregation policy and the healthcare assessment form. Since inmates are limited to 15 days on administrative segregation, a new healthcare assessment is required at the 7-day review (previously at the 14-day review)—see **Figure 6**. The healthcare assessment form also now clearly requires nurses to make a recommendation about an inmate's placement on administrative segregation.

As part of its current quality assurance processes, the Ministry reviewed whether healthcare assessments occurred but did not review the quality of the completed assessments. We think it should. See **Recommendation 5** about enhancing its quality assurance process.

Not completing healthcare assessments or making recommendations in the assessments increases the risk that inmates already suffering from mental illnesses or other issues may find their medical conditions deteriorate further while on administrative segregation.

### 4.5.3 Daily Reviews Not Completed as Required

Correctional centre staff do not consistently complete daily reviews of inmates placed on administrative segregation.

The Ministry of Corrections, Policing and Public Safety requires correctional centre staff to meet daily with inmates placed on administrative segregation and to document the results of those meetings in its IT system. See **Figure 5** for the daily review requirements.

**Figure 5—Daily Administrative Segregation Review Requirements**

Review Type	Requirements	Revised Requirements (August 2022)	Performed By
Daily Reviews	Review consists of, but not limited to: <ul style="list-style-type: none"><li>- discussing with the inmate any reasonable alternatives to administrative segregation</li><li>- reviewing pertinent documentation (e.g., incident reports, scheduled interviews)</li></ul>	Review consists of, but not limited to: <ul style="list-style-type: none"><li>- discussing with the inmate any reasonable alternatives to administrative segregation</li><li>- reviewing pertinent documentation (e.g., incident reports, scheduled interviews)</li><li>- documenting the inmate's daily activities (e.g., time out of cell, exercise, phone calls, visits, programming)</li><li>- monitoring for any physical or mental health changes</li></ul>	Correctional officers

Source: Adapted from the Ministry of Corrections, Policing and Public Safety's Administrative Segregation Policy.

In 15 of the 20 inmate files tested, we found correctional centre staff did not complete daily reviews and document them in the Ministry's IT system as required. For example, one inmate spent 24 days on administrative segregation. During that time, only eight daily reviews were completed. In addition, we found staff did not always document discussions with the inmate about reasonable alternatives to administrative segregation.

Each day, while on administrative segregation, inmates are allowed to receive a minimum of two hours out of cell leisure time. We found correctional centre staff inconsistently track this time. For example, some centres keep log books (but not all the same template). However, the log books do not clearly indicate how long an inmate was out of the cell. One centre noted out of cell time in the daily reviews, but the reviews were not always completed every day.

As noted in **Figure 5** above, the Ministry revised its Administrative Segregation Policy and now requires correctional centre staff to record time out of cell in daily reviews.

As part of its current quality assurance processes, the Ministry did not review whether daily reviews took place as required. We think it should. See **Recommendation 5** about enhancing its quality assurance process.

Without completing and documenting daily reviews of inmates placed on administrative segregation, it increases the risk inmates remain on segregation longer than necessary or are not receiving their two hours out of cell time. This could negatively affect the health and well-being of the inmate on administrative segregation.

#### 4.5.4 Longer Term Reviews Not Always Done

The Ministry of Corrections, Policing and Public Safety does not always carry out longer term reviews (i.e., 7-day, 14-day) of inmates placed on administrative segregation.

Once an inmate is placed on administrative segregation, correctional centre staff are to regularly review and assess the inmate to determine whether the inmate should remain on administrative segregation. The Ministry sets the timing and requirements for longer-term administrative segregation reviews in its policy (see **Figure 6**).

**Figure 6—Timing and Requirements for Administrative Segregation Reviews**

Review Type	Requirements	Revised Requirements (August 2022)	Performed By
7-day Reviews	Review consists of, but not limited to: <ul style="list-style-type: none"> <li>- reviewing the most recent justification assessment</li> <li>- reviewing the healthcare assessment completed by nursing staff at initial placement</li> <li>- reviewing the scheduled interview logs, incident reports, or other pertinent documentation</li> <li>- discussing the placement with the inmate</li> <li>- determining whether any reasonable alternatives are now feasible and whether the inmate should remain on administrative segregation status</li> </ul>	Review consists of, but not limited to: <ul style="list-style-type: none"> <li>- completing a new justification assessment</li> <li>- reviewing a new healthcare assessment completed by nursing staff</li> <li>- reviewing the scheduled interview logs, incident reports, or other pertinent documentation</li> <li>- discussing the placement with the inmate</li> <li>- determining whether any reasonable alternatives are now feasible and whether the inmate should remain on administrative segregation status</li> </ul>	Correctional centre manager
14-day Reviews	Review consists of, but not limited to: <ul style="list-style-type: none"> <li>- completing a new justification assessment</li> <li>- ensuring all reasonable alternatives are considered</li> <li>- reviewing assessments and other pertinent documentation</li> <li>- considering any representations provided by the inmate</li> <li>- reviewing a current healthcare assessment</li> </ul>	Review consists of, but not limited to: <ul style="list-style-type: none"> <li>- reviewing the most recent justification assessment</li> <li>- reviewing the daily review logs, incident reports, or other pertinent documentation</li> <li>- reviewing the 7-day review</li> <li>- determining whether the inmate poses a continued safety and/or security risk once removed from administrative segregation status</li> </ul>	Segregation review panel

Source: Adapted from the Ministry of Corrections, Policing and Public Safety's Administrative Segregation Policy.





We tested 20 inmate files and found the Ministry did not always conduct reviews as required.

### **7-Day Reviews**

During our testing of 20 inmate files, we found 13 files that required at least one weekly review.

For the 13 inmate files tested that required a 7-day review, we found:

- Three files did not have a weekly review done as required. Of the three, one review was not done at all and two files had a correctional officer inappropriately complete the weekly review (instead of a correctional centre manager as required).
- Four files did not have a weekly review done because the inmates were removed from administrative segregation on their scheduled review day; however, we found staff incorrectly calculated the review day (i.e., used business days rather than the required calendar days) resulting in inmates possibly being on administrative segregation three days longer than required.
- Three files had weekly reviews completed late, which caused one inmate to stay on administrative segregation four days longer than required.

### **14-Day Reviews**

During our testing of 20 inmate files, we found four files that required at least one 14-day review.

We found for one of those four files:

- The 14-day review was completed two days late. When the review was completed, the inmate was removed from administrative segregation. Therefore, the inmate may have been on administrative segregation two days longer than required (i.e., total 16 days).
- The review panel consisted of inappropriate staff (i.e., correctional officers rather than correctional centre managers)

In addition, in another file, we found the new healthcare assessment was completed two days after the 14-day review. Therefore, the review did not take into account the healthcare assessment as required. We did find the inmate requested to be on administrative segregation for their own safety.

Not conducting longer term reviews (i.e., 7-day, 14-day) as required increases the risk inmates are on administrative segregation longer than necessary.

## **4.6 Complaint Process In Place**

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The Ministry of Corrections, Policing and Public Safety has a complaint process for inmates placed on administrative segregation.

The Ministry maintains a complaints resolution policy. It notes that correctional centres should use an informal process to resolve complaints, where reasonable, prior to the submission of a formal complaint. Staff are expected to document the informal complaint and the resolution in the Ministry's IT system. If a complaint cannot be resolved informally, the inmate can formally submit a complaint in writing.

Between June 1, 2021 and May 31, 2022, the Ministry indicated there were no formal complaints related to administrative segregation. In the 20 inmate files tested, we found two informal complaints made by inmates. Correctional centre staff appropriately documented the complaint and resolution in the Ministry's IT system.

Documenting informal complaints allows the Ministry to be aware of common problems that may require additional training or procedural changes.

## 4.7 Appeals Not Independently Reviewed

The Ministry of Corrections, Policing and Public Safety maintains an appeal process for inmates placed on administrative segregation; however, it does not align with good practice.

Inmates placed on administrative segregation can appeal the placement decision. The correctional centres are required to provide a decision on the appeal within five business days. Between June 1, 2021 and May 31, 2022, the Ministry indicated there were no appeals related to administrative segregation.

We found the appeal process does not align with good practice as it is internal to the correctional centre. Current legislation requires the director of the correctional centre to make the decision on the appeal.<sup>9</sup> Good practice recommends an independent adjudicator (e.g., Ministry staff, other correctional centres' staff), external to the correctional centre, make the appeal decision.

Having an independent adjudicator make appeal decisions helps to ensure fair oversight and reduces the risk of biased decisions.

**4. We recommend the Ministry of Corrections, Policing and Public Safety have appeals by inmates placed on administrative segregation reviewed by independent adjudicators.**

## 4.8 Quality Assurance Process Exists, But Some Improvements Needed

The Ministry of Corrections, Policing and Public Safety maintains a quality assurance process to monitor compliance with administrative segregation legal and policy requirements; however, improvements are needed.

The Ministry's Director of Standards and Compliance is responsible for the quality assurance process around administrative segregation. Each week, the Director reviews all

<sup>9</sup> *The Correctional Services Act, 2012*, s. 61(4).



active administrative segregation files and documents the results of the review in an Excel tracking sheet. The tracking sheet includes information such as the inmate's number, name, demographic details (e.g., age, ethnicity), start and end date of placement, reason for placement (e.g., safety of inmate, security of inmates/centre/others), and whether the correctional centres met the administrative segregation policy requirements (e.g., justification assessment, initial placement review, 7-day, 14-day review).

However, we found the quality assurance process is not covering all key policy requirements. For example, the Director does not review whether correctional centres' staff complete healthcare assessments or daily reviews as required. The quality assurance process should also assess whether inmates sign off that they were notified of their placement decision.

When the Ministry identifies deficiencies through its quality assurance process, it will report, by email, the deficiencies to the correctional centre. Management indicated correctional centres will generally respond by acknowledging the deficiency and/or identify actions taken to address the deficiency.

We tested five inmate files with administrative segregation deficiencies noted during the quality assurance process. We found the Ministry reported the issues to the relevant correctional centres and received a response acknowledging the deficiencies and noted the deficiencies would be discussed with relevant staff.

Not reviewing all key policy requirements during the administrative segregation quality assurance process increases the risk that the quality assurance reviews may not identify key areas for improvement.

**5. We recommend the Ministry of Corrections, Policing and Public Safety broaden its administrative segregation quality assurance process to include assessment of all key policy requirements.**

## 4.9 Reporting of Administrative Segregation, But More Analysis Needed

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The Ministry of Corrections, Policing and Public Safety reports the results of its quality assurance reviews to senior management. However, the reports should include more information and analysis.

Each year, senior management receives a report that includes statistics on inmates placed on administrative segregation. The reports include three-year trend information and some analysis.

For example, in 2021, the Ministry reported correctional centres had 54 placements for 49 inmates on administrative segregation (2020: 75 placements for 64 inmates; 2019: 247 placements for 194 inmates).<sup>10</sup> The Ministry reported the significant decrease from 2019 is a result of newly implemented assessment tools, and staff exploring alternatives (e.g., informal resolution, unit transfer, facility transfer) to administrative segregation prior to inmate placement.<sup>11</sup>

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<sup>10</sup> The 2021 report also outlined that 84% of inmates were Indigenous, 63% were on remand, and 61% were affiliated with a gang.

<sup>11</sup> The Ministry of Corrections, Policing and Public Safety, *Administrative Segregation Annual Report, 2020*, p. 5.

As shown in **Figure 7**, there were two placements over 30 days in 2021 (36 days and 43 days). Since this is a significant amount of time for inmates placed on administrative segregation, the report to senior management should detail the specific number of days for each inmate as these are the inmates the Ministry should be most concerned about.

**Figure 7—Number of Inmate Placements on Administrative Segregation**

Consecutive Length of Stay	2021		2020		2019	
	Number of Placements	% of Placements	Number of Placements	% of Placements	Number of Placements	% of Placements
1–5 Days	16	30%	29	39%	124	50%
6–10 Days	12	22%	30	40%	60	24%
11–15 Days	13	24%	6	8%	36	14%
16–30 Days	11	20%	5	7%	18	8%
31+ Days	2	4%	5	7%	9	4%
<b>Total</b>	<b>54</b>	<b>100%</b>	<b>75</b>	<b>100%</b>	<b>247</b>	<b>100%</b>

Source: Adapted from the Ministry of Corrections, Policing and Public Safety, *Administrative Segregation Annual Report, 2021*, p. 8.

As noted in **Section 4.1**, the Ministry revised its Administrative Segregation Policy in August 2022. It states inmates are not to be placed on administrative segregation status for longer than 15 consecutive calendar days and they are not to be placed back on administrative segregation status unless a minimum of five calendar days from the end of the previous placement has passed. Future administrative segregation annual reports should include the results of this new requirement and detail reasons if the requirement is not met. In 2021, there would have been 13 placements over the new 15-day maximum requirement.

The Ministry also reports the reasons why inmates are placed on administrative segregation. As shown in **Figure 8**, violent or aggressive behaviour continues to be the most common reason for placing inmates on administrative segregation.

**Figure 8—Reasons for Inmate Placement on Administrative Segregation**

Reason for Placement	2021		2020		2019	
	Number of Placements	% of Placements	Number of Placements	% of Placements	Number of Placements	% of Placements
Violent or Aggressive Behaviour	28	52%	32	43%	93	38%
Own Safety (Inmate Decision)	14	26%	11	15%	43	17%
Disruptive or Non-Compliant Behaviour	2	4%	9	12%	14	6%
Incompatible (Gang)	2	4%	6	7%	28	11%
Own Safety (Centre Decision)	1	1%	12	16%	24	10%
Other	7	13%	5	7%	45	18%
<b>Total</b>	<b>54</b>	<b>100%</b>	<b>75</b>	<b>100%</b>	<b>247</b>	<b>100%</b>

Source: Adapted from the Ministry of Corrections, Policing and Public Safety, *Administrative Segregation Annual Report, 2021*, p. 8.

We found the Ministry included explanations for these results. For example, it noted violent or aggressive behaviour increased modestly over the last year, but the seriousness of the behaviour (e.g., unprovoked serious assaults on staff and inmates, instances of assault



with weapons) increased. It also noted the majority of inmates placed on administrative segregation for this reason are gang-related.

The reports also include results from the quality assurance reviews (i.e., monitoring compliance with the administrative segregation policy requirements), with a comparison to the results from the two previous years. We found the results similar to our findings. For example, the report notes 90% of the initial placement reviews were completed. During our testing, we found 85% were completed. However, the report does not indicate whether reviews were conducted late or documented properly. This would be key information for the Ministry to also monitor.

Overall, we think the Ministry could enhance its written reports to senior management by including:

- Detailed information on the number of inmates placed on administrative segregation for more than 15 days
- Analysis of the required reviews and quality assurance results (e.g., whether correctional centre staff properly complete reviews on time)
- Reporting and analysis of inmate appeals as recommended by good practice

Having more information and analysis on its administrative segregation processes would help senior management identify issues with the use of administrative segregation that need to be addressed.

**6. We recommend the Ministry of Corrections, Policing and Public Safety enhance its written reports to senior management about the use of administrative segregation in its adult secure-custody correctional centres.**

#### 4.10 Public Reporting on the Use of Administrative Segregation Not Occurring

The Ministry of Corrections, Policing and Public Safety does not report information about the use of administrative segregation to the public.

We found other jurisdictions publicly report some information on administrative segregation on their government websites. For example, both Yukon and Ontario include the number of placements on administrative segregation, the length of stay, and some demographic information about the inmates.

Publicly reporting information about the use of administrative segregation would help the Ministry demonstrate its commitment to reducing the over-use of segregation, enhance accountability, and encourage oversight.

**7. We recommend the Ministry of Corrections, Policing and Public Safety publicly report key information about the use of administrative segregation.**

## 5.0 SELECTED REFERENCES

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## Chapter 9

# Finance—Enforcing Provincial Sales Tax Legislation

### 1.0 MAIN POINTS

The Ministry of Finance is responsible for assessing and collecting provincial sales tax (PST) of over \$2 billion annually. It uses key enforcement strategies such as audits, taxpayer education/outreach, and collection activities to promote compliance with PST legislation and to collect taxes owing timely. Taxes collected, such as PST, help pay for critical services like healthcare and education.

We found Finance had, for the period ended December 31, 2021, effective processes to enforce compliance with PST legislation other than the areas of our six recommendations.

Finance proactively communicated clear expectations and guidance to taxpayers (e.g., PST vendors). It identified key areas of risk of taxpayers not complying with PST legislation (e.g., increase in online purchases) and planned enforcement activities to respond to those areas of risk. Finance has qualified staff undertake enforcement activities. Staff conducted enforcement activities consistent with guidance and reported on those activities to senior management and the public.

However, Finance needs to:

- Analyze key trends of non-compliance over time. While Finance had plans to complete such analysis, it had not yet done so. Having robust analysis can help focus resources on key risk areas and instances where the revenue earned from enforcement activities is greater than their cost.
- Set expected timeframes for supervisory review and approval of key enforcement activities (e.g., audits, education/outreach activities) and communication of results. Not setting out clear expectations for timely completion of key activities may result in delays in receiving payments of taxes owing. Unpaid taxes are more difficult and more expensive to collect the longer an account is outstanding.
- Clearly document its judgments when selecting taxpayers for PST audits, and support for risk levels assigned to PST collection cases. Without documenting its key audit selection judgments, Finance may be unable to demonstrate why it selected certain taxpayers for audit over others. Without sufficient support for risk levels assigned to collection cases, staff may not be taking appropriate collection actions at the right time which may result in Finance collecting less tax.
- Analyze and report to senior management differences between planned and actual enforcement results. Without adequate analysis of results, it is difficult for Finance to determine why it did not achieve expected results, whether it is focusing its resources on the right areas, and how it should adapt its enforcement strategies.



## 2.0 INTRODUCTION

This chapter reports the results of our audit of the Ministry of Finance's processes to enforce compliance with Provincial Sales Tax (PST) legislation.

Enforcement activities include:

- Determining risks of PST not assessed and not collected
- Registering businesses (vendors) required to collect and submit PST to Finance
- Educating consumers and vendors (taxpayers) about tax laws
- Conducting audits
- Pursuing taxes assessed until they are collected or are written off/forgiven
- Monitoring and reporting on enforcement

### 2.1 Enforcing PST Compliance

Under *The Revenue and Financial Services Act*, the Ministry of Finance is responsible to assess and collect taxes, including levying fines, penalties, and interest where necessary in accordance with the Act.<sup>1</sup>

*The Provincial Sales Tax Act* sets out the framework for imposing and collecting PST from taxpayers (e.g., for the purchase of specific goods such as vehicles and clothing), users of tangible personal property (e.g., leasing of property) and certain services (e.g., construction services, legal services, real estate services). As noted in **Figure 1**, PST is applied to certain goods and services at the point of sale.

The Act requires all vendors operating in Saskatchewan to be registered with a PST number (licensed to collect PST), other than businesses qualifying as small traders.<sup>2</sup> Registered vendors must collect and remit PST to Finance by specific due dates as set out in PST returns.<sup>3</sup> Failure to comply can result in suspension of vendor licences or penalties and interest charges.<sup>4</sup>

<sup>1</sup> *The Revenue and Financial Services Act*, sections 10(2), 49, and 50.

<sup>2</sup> Small traders include individuals who operate and sell goods and services from their home with annual sales less than \$10,000 sold to other individuals on a small scale or non-commercial basis and PST is paid or self-assessed on the purchase price of equipment and supplies used in the production of those goods. Saskatchewan. *Information Bulletin PST-5 – General Information*. (May 2021).

<sup>3</sup> Tax returns are required on a monthly, quarterly or annual basis depending on the amount of tax collected or payable. A tax return is sent to the tax vendor at the end of each reporting period with instructions for completing the return. Tax returns must be filed by the due date along with payment of the balance owing. The due date for PST returns and payments is the 20<sup>th</sup> of the month following the end of the reporting period. Saskatchewan. *Information Bulletin PST-5 – General Information* (May 2021).

<sup>4</sup> Suspension of a vendor licence means the vendor cannot purchase goods and services for resale exempt from PST (i.e., vendor will have to pay PST when they purchase the goods and services they sell to others). Saskatchewan. *Information Bulletin PST-5 – General Information*. (May 2021).

**Figure 1—General Description of PST in Saskatchewan**

PST is a 6% sales tax that applies to taxable goods and services consumed or used in Saskatchewan. It applies to goods and services purchased in the province, as well as goods and services imported for consumption or use in Saskatchewan. New and used goods are subject to PST.

When consumers purchase or rent taxable goods or services from a vendor licensed to collect PST, they pay PST to the vendor. When consumers purchase or rent taxable goods or services from a vendor who did not collect the tax, such as an unlicensed vendor located outside Saskatchewan, consumers must self-assess and pay the PST directly to the Revenue Division of the Ministry of Finance.

Vendors operating in Saskatchewan must register to obtain a PST number.

Source: Adapted from [www.saskatchewan.ca/business/taxes-licensing-and-reporting/provincial-taxes-policies-and-bulletins/provincial-sales-tax](http://www.saskatchewan.ca/business/taxes-licensing-and-reporting/provincial-taxes-policies-and-bulletins/provincial-sales-tax) (12 September 2022).

Saskatchewan's Provincial Budget 2022–23 estimates \$8.1 billion in tax revenue, including \$2.4 billion related to PST (approximately 30% of total tax revenue).<sup>5</sup>

As shown in **Figure 2**, the amount of PST revenue has grown significantly over the last six years, with the amount of PST owed at March 31 also increasing each year, and amounting to between 10% and 13% of total PST revenue. Over the same period, the amount of PST revenue that Finance decided it cannot collect (i.e., writes off) has generally increased, in both dollar amount and as a percentage of total PST revenue.

**Figure 2—PST Revenue Information from 2017 to 2022**

Fiscal Year	Provincial Sales Tax Revenue <sup>A</sup> (in millions)	Gross Unpaid PST at March 31 (Accounts Receivable) <sup>B</sup> (in millions)	Accounts Receivable as a % of Revenue	Amounts Written-Off <sup>B</sup> (in millions)	Write-Offs as a % of Revenue
2021–22	\$ 2,383.0	\$ 283.9	11.9%	\$ 2.6	0.11%
2020–21	2,138.2	275.8	12.9%	3.9	0.18%
2019–20	2,205.8	231.0	10.5%	1.2	0.05%
2018–19	2,224.8	239.2	10.8%	1.5	0.07%
2017–18	2,013.1	215.8	10.8%	0.1	0.01%
2016–17	1,205.5	119.8	9.9%	0.8	0.07%

Source: <sup>A</sup> Government of Saskatchewan *Summary Financial Statements*, Schedule 13 Revenue.

<sup>B</sup> Adapted from the Ministry of Finance's financial records.

In 2017–18, the Government expanded the PST base (i.e., the goods and services that PST must be paid on) by removing tax exemptions for restaurant meals, and contracts for the repair, renovation or improvement of real property. The Government estimated these exemptions previously resulted in reduced tax revenues of \$84.2 million and \$486.6 million respectively.<sup>6</sup>

Also, effective January 1, 2020, *The Provincial Sales Tax Act* was amended to clarify that vendors must collect and remit PST on sales to Saskatchewan consumers, including online purchases shipped into the province by out-of-province vendors. These amendments clarified that the sale of taxable goods, services, accommodations, and contracts of

<sup>5</sup> Saskatchewan Provincial Budget 22–23, p. 86.

<sup>6</sup> Saskatchewan Provincial Budget 16–17, p. 55.



insurance delivered, streamed, or accessed through an electronic distribution platform into Saskatchewan are taxable. Vendors facilitating the purchase of goods or services that are delivered and consumed in Saskatchewan, as well as operators of online accommodation platforms (e.g., Airbnb), are required to be licensed and to collect PST.<sup>7</sup>

As such, as shown in **Figure 3**, the number of PST vendors increased over the last six years.

**Figure 3—Number of PST Vendors from 2017 to 2022**

As at March 31	PST Vendors
2022	70,359
2021	66,744
2020	64,101
2019	61,562
2018	56,284
2017	35,913

Source: Information provided by the Ministry of Finance.

Part of Finance's mandate, as set out in the *Ministry of Finance Plan for 2021–22*, is designing and administering fair, efficient and competitive tax regimes. One of its key actions is to promote compliance with Saskatchewan's tax programs through taxpayer education and responsible, effective enforcement, including enhancing compliance actions along Saskatchewan's borders.<sup>8</sup>

Finance makes its Revenue Division responsible for administering its tax programs, including PST. Its role is to ensure the Government receives all the taxes due and does so in a way that treats taxpayers fairly. This includes promoting compliance with the provisions of *The Provincial Sales Tax Act* and related regulations, using audits to ensure taxpayers remit the proper amount of PST, and taking actions to collect unremitted amounts due.

The Revenue Division spent \$24.3 million in 2021–22 (2020–21: \$21.2 million).<sup>9,10</sup> The Division has approximately 179 full-time equivalent positions, and three branches: Audit, Revenue Operations, and Tax Information and Compliance.

## 2.2 Importance of Effective Enforcement of PST Compliance

Saskatchewan's provincial sales tax system relies on vendors to assess and collect the correct amount of PST from consumers, and voluntarily remit those taxes within the required timeframes. However, at times, vendors either fail to remit taxes or remit incorrect amounts.

<sup>7</sup> Saskatchewan. *Information Notice*. IN 2020-08 – *Electronic Distribution Platforms, Online Accommodation Platforms and Marketplace Facilitators*. (March 2020).

<sup>8</sup> Ministry of Finance, *Plan for 2021–22*, p. 4.

<sup>9</sup> Ministry of Finance, *Annual Report for 2021–22*, p. 18.

<sup>10</sup> Ministry of Finance, *Annual Report for 2020–21*, p. 24.

Not all vendors who fail to remit PST or the correct amount of PST are deliberately guilty of tax evasion. Rather, many may not sufficiently understand the tax laws or know how to keep accurate accounting records. The CRA, in its *2016 Tax Gap in Canada: A Conceptual Study*, notes that:

*The fairness and integrity of the self-assessment tax system is rooted in compliance with the tax rules—that is, the right people paying the right amount of tax at the right time. The fundamental importance of a fair and efficient tax system and, consequently, of ensuring compliance has led to an increased focus on accountability of tax administrations by taxpayers and stakeholders alike, as well as on performance measurement by governments. However, assessing compliance and the overall health of the tax system is a complex task. The domestic underground economy and international tax evasion, for example, are difficult to quantify because, by definition, they involve undeclared or under-declared income and assets or transactions that are deliberately hidden from the government.*<sup>11</sup>

Understanding where and how tax is potentially lost (i.e., tax gaps) and why is key to making sure the Government collects what taxes it is owed. This can help Finance to improve its tax revenue estimates and better design strategies to help mitigate tax gaps.<sup>12</sup> Prioritizing enforcement activities helps focus resources on key risk areas and instances where the revenue earned from those activities is greater than their cost.

In addition, having robust processes over enforcement activities can help guide staff in treating taxpayers fairly. Without consistent application of enforcement processes (e.g., time given to respond to requests, waiving penalties and interest), taxpayers may not be treated equitably and Finance may miss collecting additional revenues.<sup>13</sup>

Changes to Saskatchewan tax programs in 2017–18 significantly expanded the goods and services subject to PST and the number of taxpayers required to collect and remit PST. Expansion of the PST to more goods and services resulted in a significant increase of vendors (approximately 19,000) required to collect and remit PST, which may also increase the risk of taxpayers failing to remit taxes owed, or filing returns with incorrect balances.

Unpaid taxes are more difficult and more expensive to collect the longer an account is outstanding. Effective and timely collection processes may result in Finance having more success collecting outstanding amounts, and in minimizing expensive and unnecessary litigation.

Taxes collected, such as PST, help pay for critical services such as education, infrastructure, social services, and healthcare in Saskatchewan. Actual tax collected may vary from estimates because of changes in economic conditions, how taxes are collected,

<sup>11</sup> [www.canada.ca/content/dam/cra-arc/migration/cra-arc/gncy/tx-gp/TaxGap-eng.pdf](http://www.canada.ca/content/dam/cra-arc/migration/cra-arc/gncy/tx-gp/TaxGap-eng.pdf), p. 3 (12 September 2022).

<sup>12</sup> Tax gaps are the difference between the taxes that would be paid if all obligations were fully met in all instances, and those that are actually received and collected. As a concept, it can encompass revenues lost to tax evasion, taxpayer error, and unpaid liability. [www.canada.ca/en/revenue-agency/news/newsroom/fact-sheets/fact-sheets-2015/what-tax.html](http://www.canada.ca/en/revenue-agency/news/newsroom/fact-sheets/fact-sheets-2015/what-tax.html) (12 September 2022).

<sup>13</sup> Finance adapted its enforcement approach as a result of the COVID-19 pandemic. From March to October 2020, due to the pandemic, Finance suspended its enforcement activities and redeployed audit staff to administer COVID-19 pandemic support programs. In addition, it helped minimize the risk of the virus spreading by reducing staff travel. Finance also gave businesses additional time to remit taxes due without penalty or interest (e.g., deferred remitting amounts due on February, March, and April 2020 monthly returns until July 31, 2020).



taxpayer knowledge, and taxpayer willingness to pay. Delays in Finance taking enforcement action increases the risk of taxpayers not complying and losing PST revenues.

### 3.0 AUDIT CONCLUSION

We concluded, for the period ended December 31, 2021, the Ministry of Finance had, other than in the following areas, effective processes to enforce compliance with PST legislation.

The Ministry of Finance needs to:

- Annually analyze key trends of non-compliance with PST legislation to help it select and prioritize its enforcement activities
- Set out expected timeframes for supervisory review and approval of PST audits and education/outreach activities, and communicating results to taxpayers
- Clearly document its key judgments when selecting taxpayers for PST audits
- Track key information in its revenue IT system regarding communication of PST audit results
- Clearly document support for the risk level assigned to PST collection cases
- Enhance its reporting to senior management to better analyze PST enforcement results

Figure 4—Audit Objective, Criteria, and Approach

**Audit Objective:**

To assess whether the Ministry of Finance has effective processes, for the 12-month period ending December 31, 2021, to enforce compliance with PST legislation.

**Audit Criteria:**

Processes to:

**1. Establish risk-informed enforcement strategies**

- Proactively provide consumers and vendors (taxpayers) with clear expectations and guidance (e.g., completing PST returns, interpreting legislation, penalties and interest)
- Develop approaches to identify potential non-compliance (e.g., use knowledge of taxpayer behaviour, periodic analysis of trends, consultation with other jurisdictions)
- Periodically determine key risks of taxpayer non-compliance (e.g., based on understanding of factors influencing taxpayer behaviour, opportunities for tax evasion)
- Use risk-based approach to prioritize enforcement activities to minimize non-compliance
- Identify required resources (e.g., personnel, IT systems)

**2. Carry out risk-based enforcement activities**

- Establish policies and procedures over enforcement activities that reflect current legislative framework and good practice (e.g., engage taxpayers; effective, timely, and consistent use of compliance powers and write offs)
- Use qualified staff (e.g., objective, appropriate competencies, sufficiently trained)
- Conduct timely enforcement activities consistent with established policies and procedures, and strategies
- Communicate actions required to address non-compliance

### 3. Monitor results of enforcement activities

- Set key performance measures and targets (e.g., impact on compliance, cost/benefit of enforcement activities), including methodologies used
- Collect reliable information on enforcement (e.g., inspection and audit results, tips, complaints, collection status)
- Analyze performance (e.g., identify common areas of non-compliance and collection issues) and adapt enforcement strategies as needed
- Report key performance information (e.g., status of collections, results of enforcement activities conducted) to senior management and the public

#### Audit Approach:

To conduct this audit, we followed the standards for assurance engagements published in the *CPA Canada Handbook—Assurance* (CSAE 3001). To evaluate Finance's processes, we used the above criteria based on our related work, reviews of literature including reports of other auditors, and consultations with management. Finance's management agreed with the above criteria.

We examined Finance's criteria, policies, and procedures relating to PST enforcement. We assessed Finance's key processes related to enforcement activities to understand when and how the processes are used. We interviewed Finance staff responsible for enforcement processes. We observed and examined documentation (e.g., plans, procedure manuals, training material). We tested a sample of enforcement activities (i.e., education/outreach activities, audits, and collections cases). We used an external consultant with expertise in the area to help us identify good practice and to assess Finance's enforcement processes.

## 4.0 KEY FINDINGS AND RECOMMENDATIONS

### 4.1 Clear PST Expectations and Guidance Communicated to Taxpayers

The Ministry of Finance proactively provides taxpayers with clear expectations and guidance (e.g., in tax bulletins, information notices, forms) on all key aspects of PST.

Finance communicates its expectations regarding PST in forms, information notices, and tax bulletins made available via the Government of Saskatchewan website.<sup>14</sup> The guidance covers the following key areas as expected:

- How to register as a vendor
- How to complete PST returns
- Deadlines and how to pay PST
- Interpretations of key legislation and changes to legislation
- Penalties and interest
- Appeal process

The guidance helps promote compliance with legislation, emphasizes the expectation to remain compliant, and addresses potential misconceptions (e.g., explains why it is important to pay PST). Finance also provides, on the Government of Saskatchewan website, its *Taxpayer Service Commitments and Standards Code* outlining the fairness and service principles it uses in administering its tax programs including PST.<sup>15</sup>

<sup>14</sup> [www.sets.saskatchewan.ca/rptp/portal/footer/taxinformation/provincial-sales-tax](http://www.sets.saskatchewan.ca/rptp/portal/footer/taxinformation/provincial-sales-tax) (12 September 2022).

<sup>15</sup> [publications.saskatchewan.ca/api/v1/products/27181/formats/34356/download](http://publications.saskatchewan.ca/api/v1/products/27181/formats/34356/download) (7 September 2022).





We tested 10 tax bulletins and information notices and found they were easily accessible, easy to use, easy to understand, and captured key information needed.

Finance communicates changes to guidance (e.g., for changes to legislation) through various means including news releases for major changes, letters to vendors, and emails through SETS.<sup>16</sup> We tested two changes to guidance in 2021 and found Finance clearly communicated the changes. In addition, we reviewed all changes to PST-related legislation from 2021 and found key changes to legislation were included in guidance timely (e.g., information notice updated in the same month changes to *The Provincial Sales Tax Act* were made).

As further described below, Finance also communicates expectations to taxpayers regarding PST during education/outreach, audit, and collection activities.

Having clear expectations and guidance helps promote compliance with PST legislation and helps to facilitate correct and timely remittance and reporting of PST revenues.

## 4.2 Risks of Non-Compliance Identified

The Ministry of Finance identified some overall risks of taxpayer non-compliance with tax legislation (including PST). However, Finance could improve the linkage of these risks to its selection of enforcement strategies and action plans as well as prioritization of those activities across the Revenue Division.

As part of Finance's overall annual planning processes, the Revenue Division completes an environmental scan and an assessment of Division strengths, weaknesses, opportunities and threats (i.e., SWOT analysis). In 2021–22, the Division's environmental scan and SWOT analysis included a high-level summary of risks of taxpayer non-compliance with legislation (including PST) and provided some context around why it was an area of risk.

For example, Finance identified the following areas of risk that relate to PST:

- Saskatchewan residents' online purchases of goods and services continues to increase. While legislation requires out-of-province online vendors and service providers to collect PST on goods/services delivered into Saskatchewan, a large number of vendors may not be aware of their requirement to become licensed, and collect and remit PST.
- As business owners retire, new owners and employees may not be aware of PST requirements.
- Advancements in technology in specific sectors (e.g., oil and gas, farming) can result in an increased number of tax appeals related to equipment and its use, increased need for policy analysis and documentation of decisions on emerging issues, and increased need to update legislation and related tax publications (e.g., bulletins).

<sup>16</sup> SETS (Saskatchewan eTax Services) is Finance's online portal that businesses can use to file tax returns, make payments, and view correspondence.

- Levels of debt/bankruptcy are increasing. This can result in taxpayers delaying remittance of PST revenues, and increases in write offs of PST revenues.
- Significant PST expansion in 2017 resulted in PST applying to areas with higher levels of an underground economy (i.e., economic activity that is unrecorded and untaxed by government). This increases the risk that taxpayers are not collecting and remitting all PST required. This expansion also resulted in many more new taxpayers required to collect and remit PST than in the past (see **Figure 3**), which increased the risk of taxpayers not sufficiently understanding the legislative requirements and remitting incorrect amounts of PST.

The areas of key risk identified by Finance generally align with what we expected and its annual plans include some activities that relate to these areas (See **Figure 7**). However, Finance could improve its assessment of how likely these risks are to occur and the potential magnitude/impact on PST revenues (other than general comments such as large number of vendors may not be aware or significant amounts of lost PST revenue). In addition, Finance could better link its risk assessment to its annual plans.

Having robust risk analysis and clearly tying annual plans to such analysis can help Finance demonstrate it is focusing its resources on the highest risk areas.

### 4.3 Approaches to Identify Potential Non-Compliance Consistent with Good Practice Other than Lack of Trend Analysis

The Ministry of Finance has reasonably comprehensive approaches to identify potential non-compliance with PST legislation. However, it does limited trend analysis of non-compliance to help inform its selection and prioritization of tax enforcement activities.

#### 4.3.1 Using Various Sources to Identify Potential Non-Compliance

Finance uses lead sources as one of its main approaches to identify potential non-compliance with PST legislation. Lead sources refers to various sources of information available that may indicate taxpayers who may not be complying with PST legislation. See **Figure 5** for examples of key lead sources used by Finance.

**Figure 5—Example of Key Lead Sources**

Lead Source	Description
<b>External</b>	
Information Services Corporation	Business ownership information
Saskatchewan Government Insurance	Information on vehicle registrations
<b>Internal</b>	
Audit History	Audit branch history from prior audits
Audit/Sightings Leads	Information obtained during audits and/or education/outreach activities
Tax Tips Email/Phone Line	Finance system set up for the public to report potential tax tips and complaints

Source: Adapted from information provided by the Ministry of Finance.



We found these lead sources are consistent with good practice. In addition to the lead sources, Finance also has monthly discussions with the Canada Revenue Agency and periodically consults with other provincial jurisdictions. Finance uploads key information from the lead sources into its revenue IT system (TACS) and uses this information as a key input to its audit selection process (see **Section 4.8.1** for further discussion of the audit selection process).

#### 4.3.2 Not Analyzing Trends of Non-Compliance

While Finance intended to complete certain risk analysis, we found it had limited documented analysis of tax non-compliance trends over time (e.g., overall, by vendor, by sector).

We found Finance's annual action plans included plans to complete analysis in certain areas. For example:

- In 2021–22, the Audit Branch planned to conduct tax gap analysis and complete analysis of certain sectors (e.g. construction industry) impacted by changes to PST legislation<sup>17</sup>
- In 2021–22, the Tax Information and Compliance Branch planned to conduct research and analysis in emerging areas (e.g., e-commerce trends)

While these types of analysis will provide useful information to help Finance monitor trends of non-compliance, we found the analysis was neither completed at August 2022, nor documented as we expected. For example, Finance had not completed the tax gap analysis as planned.

Tax gap estimates are potentially a good indicator of non-compliance with tax legislation. Tax gap estimates can be done overall or can be focused on specific sectors deemed to be higher risk. Because these estimates are based on numerous assumptions (e.g., that data used covers all relevant economic activities), and can be subject to volatility, they are best analyzed as a trend over time. However, these estimates, considered along with other information on non-compliance, can provide insight into the level of non-compliance with tax legislation.<sup>18</sup>

Another mechanism to monitor trends in non-compliance is to look at trends in taxes collected that were not reported by the taxpayer (e.g., taxes collected as a result of enforcement activities). See **Figure 6** for PST collected, but not reported, identified through audit activities over the last four years. This shows the amount has increased over that time period. Although Finance tracks this information, it does not document trend analysis (e.g., why is the amount changing, are enforcement activities having impact, changes to enforcement activities needed).

<sup>17</sup> Tax gaps are the difference between the taxes that would be paid if all obligations were fully met in all instances, and those that are actually received and collected. As a concept, it can encompass revenues lost to tax evasion, taxpayer error, and unpaid liability. [www.canada.ca/en/revenue-agency/news/newsroom/fact-sheets/fact-sheets-2015/what-tax.html](http://www.canada.ca/en/revenue-agency/news/newsroom/fact-sheets/fact-sheets-2015/what-tax.html) (12 September 2022).

<sup>18</sup> Canada Revenue Agency (2017). *Estimating and Analyzing the Tax Gap Related to the Goods and Services Tax/Harmonized Sales Tax*. p. 2; Canada Revenue Agency (2016). *Tax Gap in Canada: A Conceptual Study*. p.4.

**Figure 6—PST Collected But Not Reported (Identified Through Audits)**

	2018–19	2019–20	2020–21	2021–22
PST collected but not reported (in millions)	\$3.46	\$5.47	\$3.37	\$10.43

Source: Information provided by the Ministry of Finance.

Having robust analysis of non-compliance trends over time could help Finance inform its selection and prioritization of its enforcement activities.

1. We recommend the Ministry of Finance annually analyze key trends of non-compliance (e.g., tax gaps, tax collected but not reported) with provincial sales tax legislation to help it select and prioritize its enforcement activities.

## 4.4 Annual Plans Set Out Key Enforcement Activities

The Ministry of Finance sets out reasonable key PST enforcement activities in annual plans, many of which align to key areas of risk of non-compliance it identified.

Each of the Revenue Division's three branches (i.e., Audit, Revenue Operations, and Tax Information and Compliance) is responsible for various PST enforcement activities (e.g., audits, education/outreach, collections). To support achievement of the overall Revenue Division plan, each branch prepares an annual plan that sets out key enforcement activities (see **Figure 7** for examples of key activities from 2021–22 plans).

**Figure 7—Examples of Key PST Enforcement Activities Included in Annual Plans**

Area Responsible	Key Activities	Aligns with Key Risks Identified in Section 4.2
Audit Branch	<ul style="list-style-type: none"> <li>• Complete risk-based audits</li> <li>• Support and assist with voluntary compliance through proactive education/outreach for unregistered business or specific industry sectors as needed</li> <li>• Establish and maintain administrative policies that support voluntary compliance</li> <li>• Complete analysis of certain sectors impacted by changes to PST legislation</li> <li>• Track and report on leads provided through Finance's tax tips website</li> </ul>	Yes
Revenue Operations Branch	<ul style="list-style-type: none"> <li>• Register taxpayers under revenue and refund programs on a timely basis; issue appropriate license, permit or account to conduct business in Saskatchewan</li> <li>• Assess taxpayer accounts to collect unpaid balances, estimate tax on delinquent returns and collect tax amounts owing</li> <li>• Monitor taxpayers file and pay on time</li> </ul>	Yes
Tax Information and Compliance Branch	<ul style="list-style-type: none"> <li>• Review existing tax revenue streams and assess the impact of e-commerce transactions into Saskatchewan</li> <li>• Identify and analyze new and emerging industries and trends</li> <li>• Provide education and proactive outreach focused on base expansion sectors (e.g., restaurants, construction)</li> <li>• Target education reviews and outreach activities through identification of new businesses</li> <li>• Conduct research and analysis in emerging areas (e.g., e-commerce trends)</li> </ul>	Yes

Source: Adapted from the Ministry of Finance's 2021–22 annual plans.



As described in **Section 4.10**, Finance has also set measures and targets for some of its key enforcement activities as well as monitors these plans and results of key enforcement activities on a semi-annual basis.

We found Finance's key enforcement activities aligned with good practice by including both activities before the taxpayer owes taxes (i.e., upstream) and activities after the taxpayer owes taxes (i.e., downstream), considering factors that influence taxpayer compliance behaviour (e.g., fairness, general or industry specific economic factors), and considering the impact on non-compliance.

## 4.5 Qualified Staff Conduct Enforcement Activities

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The Ministry of Finance has qualified staff undertake PST enforcement activities.

Finance has written job descriptions that sufficiently outline the expertise and skills needed for staff conducting PST enforcement activities. We assessed job descriptions for various levels of staff performing audit, collections, and education/outreach activities. We found these descriptions appropriately outline reasonable education, knowledge, and competency requirements. For example, Finance requires non-supervisory staff to have an accounting diploma, undergraduate degree with a major in accounting, or relevant experience. It requires some supervisors to have a professional accounting designation (i.e., Chartered Professional Accountant) and demonstrate knowledge of risk assessment and management.

### **Training**

Finance provides sufficient orientation training to staff upon initial hiring that includes tasks expected to be performed (e.g., specific orientation training sessions for staff working in audit and compliance) as well as general training provided to all new employees (e.g., code of conduct, acceptable use of IT). We found staff received updates when there were changes to tax legislation that impact their work.

Staff also receive adequate on-the-job training. For example, new auditors complete mock audits and assist more experienced staff on audits. As well, Finance provides new education officers with previous enquiry emails to learn how it expects staff to handle enquiries. It also has new education officers listen in on incoming calls answered by experienced education officers.

### **Staffing**

While we found Finance does not centrally track training for the approximately 180 employees in the Revenue Division, it does track training received by employees using individual employee work plans. We found employee work plans documented training received or learning objectives and progress made toward those objectives.

We found Finance assigned the appropriate level of staff to audit files based on complexity and risk. Audit supervisors are responsible for assigning the appropriate level of staff to audits based on current staffing and training needs.

As discussed in **Section 4.9**, we found there was no clear documentation or basis for the level of risk assigned to each taxpayer for collections cases. Therefore, we are unable to determine whether Finance assigned the appropriate level of staff to collections cases based on those risk assessments. This could result in staff not having the knowledge and experience required to take appropriate action to pursue uncollected taxes owing.

We found staff discuss and identify required resources at various division meetings (e.g., workloads, hiring of staff). Finance has a sufficient process to identify resources required for new changes or initiatives (e.g., staffing additions, IT updates). When additional resources are required, Finance prepares and submits the request for approval as part of the annual budgeting process. However, as discussed in **Section 4.10**, we found limited evidence of Finance explaining why it did not achieve targets or results for planned PST enforcement activities. As a result, it is difficult to determine whether Finance did not achieve targets or results because of a lack of resources.

## 4.6 Expectations for Timely Review and Communication of Results Needed

Overall, the Ministry of Finance's key policies and procedures provide comprehensive guidance to staff for conducting PST enforcement activities, except it has not set out expected timeframes for certain key activities (e.g., supervisory reviews, communicating audit and education/outreach activity results).

We found Finance's guidance to staff easily accessible (i.e., manuals located on Finance's network) and generally covered the key enforcement areas shown in **Figure 8**.

**Figure 8—Key Content of Finance's PST Enforcement Policies and Procedures**

**Registration:**

- Process for registering the business number and creating accounts in the revenue IT system (TACS)
- How to make changes to an account

**Education/Outreach:**

- Guides staff through setting up and the workflow for an outreach case

**Audit**

- Processes for selecting audits in the TACS system and risk criteria for file selection
- Description of the audit program and procedures (e.g., planning the audit, completing the audit including audit tests to be performed)
- Examples of common issues and errors, and procedures to follow when auditors encounter those issues and errors
- Guidance for when penalties and interest can be waived and when it cannot be waived

**Collections**

- Guidance on reaching out to taxpayers in order to encourage compliance
- Various actions available for staff to take to resolve non-compliance (e.g. payment arrangements, bank or third party demands, judgment registration) and approvals required for those actions
- Characteristics of collection risk levels (i.e., low, medium, high) and actions to collect taxes owing
- Guidance for when tax debts can be written off and who can approve write offs

Source: Adapted from policies and procedures provided by the Ministry of Finance.

Tax bulletins and information notices also form a key part of Finance's policies and procedures (referenced in various manuals). We found tax bulletins and information notices provide clear expectations and guidance on all key aspects of PST.



We found Finance updated its policies and procedures as needed, usually when there were changes to legislation. We did identify some updates to its audit manual to reflect legislation changes were delayed due to other priorities. By June 2022, management indicated Finance approved amendments to its audit manuals.

We reviewed key policies and procedures and found they provided staff with clear guidance to address non-compliance issues. For example, the audit manual provides guidance on what staff should discuss with the taxpayer at the conclusion of an audit and what to include in the written audit report. The collections and enforcement manual provides guidance by describing the collections actions that staff should take when pursuing collections (e.g., progressing from correspondence and phone calls to legal action).

We found Finance's policies and procedures generally reflect good practice (i.e., promote engaging with taxpayers, timely resolution of non-compliance, and timely and consistent use of compliance and collection powers). For example, Finance's *Taxpayer Service Commitments and Standards Code* indicates its purpose is to encourage more open communication with taxpayers and to set out what they can expect in an audit or in the collection process.<sup>19</sup>

Guidance also promotes the timely resolution of non-compliance. For example, the collection and enforcement manual expects Finance staff to send reminder notices to taxpayers who have not filed a return approximately 25 days after the return is due. Having well documented guidance for staff to follow promotes the consistent use of compliance and collection powers.

However, we found Finance has not set out in its policies and procedures what it considers timely supervisory review of audits and education/outreach activities (e.g., within 30 days). As well, we found the policies and procedures do not set out the expected timeframe for communicating audit and education/outreach activity results to the taxpayer (e.g., within 30 days).<sup>20</sup> See **Sections 4.7 and 4.8** where we found that supervisors were not always approving activities timely and Finance did not always communicate activity results to taxpayers timely.

By not setting out expectations for timely supervisory review of audits and outreach activities or for communicating results to taxpayers, the risk of delays or problems in completion of those enforcement activities increases. If there are delays in the completion of these activities, this could result in delays in pursuing any taxes owing and Finance may not receive timely payment of amounts owing.

**2. We recommend the Ministry of Finance set out expected timeframes for:**

- **Supervisory review and approval of provincial sales tax audits and education/outreach activities**
- **Communicating provincial sales tax audit and education/outreach activity results to taxpayers.**

<sup>19</sup> [publications.saskatchewan.ca/api/v1/products/27181/formats/34356/download](https://publications.saskatchewan.ca/api/v1/products/27181/formats/34356/download) (7 September 2022).

<sup>20</sup> We determined 30 days was a reasonable timeframe for timely supervisory review and for communicating results to the taxpayer based on our review of timeliness expectations in other audits. As well, 30 days is consistent with the amount of time audited taxpayers have to pay or to provide additional information to Finance.

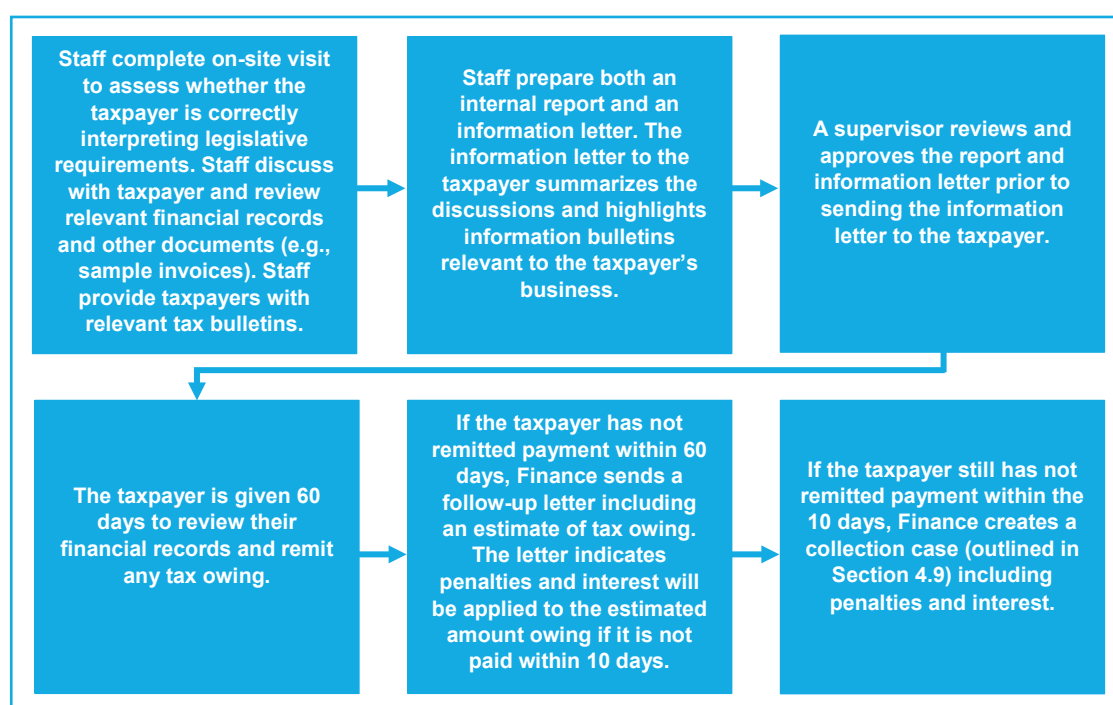


## 4.7 Education/Outreach Activities Used to Promote Compliance but Communication of Results Not Always Timely

The Ministry of Finance uses education/outreach activities to educate taxpayers on their tax obligations and communicate non-compliance to taxpayers in order to encourage understanding of and voluntary compliance with tax legislation. It conducted these activities as expected, but did not always approve and provide communications to the taxpayer in a timely manner.

Finance uses education/outreach visits to provide proactive awareness and education to taxpayers (businesses/vendors) and encourage voluntary compliance as shown in **Figure 9**.

**Figure 9—Education/Outreach Visit Process**



Source: Adapted from information provided by the Ministry of Finance.

**Figure 10** shows the number of education/outreach visits conducted over the past four years. In 2021–22, Finance conducted over 3,000 education/outreach visits, which generated \$1.1 million in PST revenue.

**Figure 10—Education/Outreach Activities**

	2018–19	2019–20	2020–21 <sup>A</sup>	2021–22
Number of education/outreach visits planned	1,946	1,021	1,321	1,293
Actual number of education/outreach visits	875	1,590	103	3,258
Planned PST revenue generated from visits (in millions)	\$0.6	\$0.6	\$0.6	\$0.6
Actual PST revenue generated from visits (in millions)	\$0.3	\$1.3	\$0.5	\$1.1

Source: Information provided by the Ministry of Finance.

<sup>A</sup> The number of education/outreach visits was substantially less in 2020–21 because the majority of staff time was spent working on COVID-19 pandemic emergency support programs.





Our testing of 10 education/outreach visits found staff followed expectations set in policies and procedures and followed up with the taxpayer if Finance had not received communication from the taxpayer within 60 days. The information letters clearly outlined the taxpayer's obligations and key matters discussed during the visit. The letters also communicated what actions the taxpayer needed to take to address non-compliance and by when. While the information letters do not note an estimate of potential tax owing, at the time of the visit staff verbally discuss any tax amounts owing due to misapplication of tax legislation. Taxpayers are given the opportunity to review their records and self-assess the tax on other transactions to confirm tax owing to be remitted within 60 days.

While we found there was evidence of supervisory approval of the internal report and information letter, this approval was not always timely (e.g., within 30 days of the report and letter being prepared). For two out of 10 education/outreach visits we tested, the supervisor approved the report and letter between 44 and 56 days after the report and letter were prepared. As a result, Finance did not communicate the key matters to the taxpayers on a timely basis (communications were between 56 and 70 days after the visit). As described in **Section 4.6**, Finance has not set out the expected timeframe for supervisory review and approval as well as communication of results of education/outreach activities. We recommend it should.

## 4.8 Risk-Based Audits Conducted as Expected But Certain Key Information Not Documented

The Ministry of Finance conducted risk-based audits as expected except it did not clearly document its selection of taxpayers for audit. In addition, we found supervisors do not always approve audits timely and Finance does not sufficiently document information to readily determine whether staff send timely audit communications to taxpayers.

Finance uses audits to promote compliance with PST legislation. See **Figure 11** for information on the number of audit activities and revenue generated from those activities. In 2021–22, Finance generated \$47 million in revenue from its audits.

**Figure 11—Audit Activities**

	2018–19	2019–20	2020–21 <sup>A</sup>	2021–22
Number of audits completed	1,187	1,534	654	1,214
Planned tax revenue generated from audits (in millions)	\$26.0	\$27.5	\$28.0	\$28.0
Actual amount of tax revenue from audits (in millions)	\$34.2	\$40.0	\$27.5	\$47.0
Benefit-cost ratio	604%	692%	437%	718%

Source: Information provided by the Ministry of Finance.

<sup>A</sup> The number of audits completed and the benefit-cost ratio was substantially less in 2020–21 because the majority of staff time was spent working on COVID-19 pandemic emergency support programs. The adjusted ratio, after deducting salaries related to the time spent on these programs, is 946%.

### 4.8.1 Selecting Taxpayers for Audit

Finance uses a risk-based audit selection model to select individual taxpayers for audit. Finance identified reasonable risk areas (e.g., out-of-province companies with operations in Saskatchewan, major projects, unregistered businesses) and criteria for selection

(e.g., sales revenue). Staff use Finance's revenue IT system to identify and create a list of potential taxpayers to audit based on these risk areas and criteria. Once staff create this initial list, supervisors further analyze and select taxpayers for audit and then assign audits based on available staff resources.

However, there is no documentation showing the initial listing of taxpayers generated from the IT system or the further analysis done by supervisors to determine the final selection. The final selection of files depends on supervisors' further analysis of the business and information available, along with their judgment, knowledge and experience.

For all 30 audits we tested, we found Finance noted in its revenue IT system the reason for selecting the taxpayer (e.g., new business, construction firm with no returns filed, lead source information) and reasons appear to align with established selection criteria. However, because there is no standard process for documenting file selection and key judgments, we were unable to determine why Finance selected these taxpayers for audit over selecting other taxpayers (e.g., that may present similar or higher risk).

As well, solely relying on the knowledge and experience of the supervisors to select the taxpayers for audit may result in important knowledge not retained and available when there is staff turnover.

**3. We recommend the Ministry of Finance clearly document its key judgments when selecting taxpayers for provincial sales tax audits.**

## 4.8.2 Conducting Audits

**Figure 12** describes the key steps taken once Finance has selected a taxpayer for audit.

**Figure 12—Key Steps of the Audit Process**

- Supervisors assign audits to audit staff based on complexity and size (see **Section 4.5**)
- Staff plan and complete the audit using established guidance (see **Section 4.6**) to identify non-compliance
- Staff communicate results (e.g., areas of non-compliance, the amount owing, if any, as a result of the audit) to the taxpayer using a billing letter
- A supervisor reviews and approves the audit
- Finance creates a collection case and follows up on amounts still owing after 30 days through its collections process (see **Section 4.9**)

Source: Adapted from information provided by the Ministry of Finance.

For all 30 audits we tested, we found:

- Staff performed appropriate audit procedures including, reconciling taxpayer records to tax returns, testing sales invoices to ensure the taxpayer correctly calculated and recorded taxes, and reconciling sales per the financial statements to the sales summary.
- Staff sent billing notices to the taxpayer setting out the actions the taxpayer needed to take, and by when to address non-compliance. We found these communications easy to understand, captured key information (e.g., areas where the taxpayer is not complying with PST legislation) and noted reasons for amounts owing if any.
- Comments from the taxpayer on adjustments were obtained.



- Penalties and interest were properly calculated and recorded in the revenue IT system.
- Evidence of timely follow-up existed for continued non-compliance.

We found supervisors reviewed and approved the results of the audits. However, this review and approval was not always timely (e.g., within 30 days of staff request for supervisory approval). For four of 30 audits we tested, supervisors approved the audit results between 38 and 90 days after staff requested approval. Management indicated that for three of the four audits staff were required to make revisions (e.g., due to additional information or support received) and that supervisors provided their approval within 30 days of staff making the required revisions. As described in **Section 4.6**, Finance has not set out the expected timeframe for supervisory review and approval of audits.

We also found Finance does not document sufficient information in its revenue IT system outlining when staff send billing letters and support to taxpayers. For example, staff could preserve emails showing when staff send billing letters to help determine whether communications were timely. See **Section 4.6** where we found Finance has not set out the expected timeframe for communicating audit results to the taxpayer.

Without tracking key information on communication of audit results, Finance is unable to demonstrate whether it communicates with taxpayers timely. This also limits senior management's ability to monitor the timeliness of communicating audit results. More timely communication can help promote improved compliance by taxpayers and earlier payment of amounts owing.

**4. We recommend the Ministry of Finance track key information in its revenue IT system regarding communication of provincial sales tax audit results (i.e., when billing letters are actually sent and by who).**

## 4.9 Appropriate Processes to Collect Unpaid Tax Except Lack of Support for Risk Assessment

The Ministry of Finance has sufficient processes to follow up with taxpayers who have not filed their PST returns as expected or paid amounts owing when due within a reasonable time other than a few areas. We found Finance's guidance set reasonable planned collection activities based on assessed taxpayer risk, but it lacked sufficient support for the actual risk level assessed for each taxpayer.

**Figure 13** shows the total revenue planned and actual revenue collected from collection activities for the last four years.

**Figure 13—Collection Activities**

	2018–19	2019–20	2020–21	2021–22
Revenue planned to be collected through collection activities (in millions)	\$23.0	\$30.0	\$30.0	\$45.0
Actual revenue collected (in millions)	\$45.6	\$73.3	\$40.2	\$77.6
Number of collection cases actively worked on at any given time	n/a <sup>A</sup>	1,719	1,810	1,959

Source: Information provided by the Ministry of Finance.

<sup>A</sup> Data not available as the Ministry of Finance did not track this information in 2018–19

### 4.9.1 Process to Follow Up and Collect Unpaid Tax

Most taxpayers file their returns as required and remit the tax payable by the due date (i.e., 20 days after the end of the period). In 2021–22, taxpayers filed 69.5% of tax returns by the due date. Finance notifies taxpayers who fail to file their return within a reasonable time (i.e., approximately 25 days after the return is due). If a taxpayer fails to file a return within 15 days after this notification, Finance creates a collection case.

If a taxpayer filed a return without full payment, Finance sends the taxpayer a billing notice approximately 10 days after the payment due date. If Finance has not received payment from the taxpayer within 40 days after the payment due date, then it creates a collection case.

Senior staff (directors) review collections cases on a monthly basis to prioritize and assign cases to collections officers. Both months we tested had appropriate evidence of review.

Finance focuses most of its collection activities on collecting amounts outstanding greater than \$2,500. It does not regularly pursue amounts less than \$500. For amounts between \$500 and \$2,500, it uses a “blitz letter process” where periodically throughout the year, it sends reminder letters and follows up by phone the following month. We tested 10 collection activities using this process and found Finance clearly communicated to the taxpayer the actions they needed to take and by when to address their non-compliance.

For amounts owing greater than \$2,500, Finance established sufficient guidance to staff (see **Section 4.6**) setting out timelines for completing various collection activities (e.g., communications and legal collection actions) with progressively more serious collection activities that staff can pursue if previous steps have not resulted in taxpayers paying amounts due. Finance also set guidance on determining the level of risk for a taxpayer (See **Figure 14**).

**Figure 14—Examples of Collection Risk Levels and Collection Actions**

Characteristics of Taxpayer	Level of Compliance	Attitude to Compliance	Actions to Take to Collect Taxes Owing
<b>Riskiest</b> <ul style="list-style-type: none"> <li>Collecting tax and not remitting</li> <li>Business closed</li> <li>Outstanding liability is greater than a specified threshold</li> </ul>	Full tax avoidance	Willful intent not to comply	<b>Legal collection actions:</b> Bank and third-party demands, asset seizures, liquor licence suspensions, rights of set-off, director's liability
<b>High Risk</b> <ul style="list-style-type: none"> <li>Deliberately trying to not comply</li> <li>Habitual non-filer, always have returns outstanding</li> <li>Business closed</li> <li>Outstanding liability is greater than a specified threshold</li> </ul>	Failure to file multiple returns, recurring balances on account, history of non-compliance	Does not want to comply but will if Finance pays attention	<b>Accelerated collection actions:</b> Notices of Assessment, asset investigations, judgments, payment arrangements
<b>Medium Risk</b> <ul style="list-style-type: none"> <li>Usually file tax returns and make payments on time</li> <li>May not fully understand or meet their tax obligations</li> <li>Outstanding liability is greater than a specified threshold</li> </ul>	Failure to file a return, late filing, smaller account balances, balances owing due to errors, generally good compliance history	Trying to comply but does not always succeed	<b>Assist with compliance:</b> Targeted collection action by phone and letter, application of penalty and interest, payment arrangements



Characteristics of Taxpayer	Level of Compliance	Attitude to Compliance	Actions to Take to Collect Taxes Owing
<b>Low risk</b> <ul style="list-style-type: none"><li>• Tax remittance usually paid on time</li><li>• Tax returns generally filed on time</li><li>• Overall are generally compliant</li></ul>	Failure to file a return, late filing, smaller account balances, balances owing due to errors, generally good compliance history	Willing to do the right thing	<b>Make it easy to comply:</b> Automated filing reminders and statements of account, electronic filing and payment, tax information and assistance easily accessible

Source: Adapted from information provided by the Ministry of Finance.

For all 30 collection cases tested, we found Finance assigned a level of risk to the case; however, the level of risk assigned to all cases except for one was medium, which is the default risk ranking in Finance's revenue IT system. For one case, the collections officer had increased the risk level from medium to high.

For all 30 cases, there was no clear documentation or support for the level of risk assigned to the cases, or for any changes made to the level of risk. Out of the 30 cases we tested, 10 cases had amounts owing greater than Finance's specified threshold for medium risk, which may indicate that the risk level should be higher than medium.

Without clearly documenting or supporting the level of risk assigned, there is a risk staff may not be taking the appropriate actions (e.g., bank demands) at the right time in pursuing collection of tax owing which may result in Finance collecting less tax. Management indicated it has an upcoming project to fully implement the collection ranking functionality in the revenue IT system. Management also indicated it delayed implementation of the collection ranking functionality when it implemented the IT system in 2018 to allow for collection of sufficient data to support proper ranking.

#### 5. We recommend the Ministry of Finance clearly document support for the level of risk assigned to provincial sales tax collection cases.

Finance sends reminder letters and legal warnings to taxpayers informing them of unpaid tax and actions it will take for continued non-compliance. We assessed the standard templates used to prepare these communications and found they were easy to understand, and captured key information (e.g., the amount owing, actions needed by the taxpayer, deadlines, and consequences of non-compliance).

For all 30 items tested, we found Finance clearly communicated the actions the taxpayers needed to take to address non-compliance, and by when. Finance also communicated payment deadlines and payment arrangements timely, and staff appropriately contacted the taxpayer via email, phone calls, and/or in writing.

We found Finance does not have a system control in its revenue IT system preventing staff from sending collections correspondence prior to approval. For 28 out of 30 collections cases we tested, appropriate staff approved collection actions and communications as expected (e.g., for payment plans). However, for one item, staff sent a payment plan letter to the taxpayer prior to appropriate supervisory approval. For another item, staff issued a general property judgment notice with no evidence of approval. However, we noted the actions taken appeared to be reasonable in both circumstances.

Without requiring appropriate approval for payment plans and other collection actions, there is a risk payment plans may not be appropriate or correspondence may not communicate accurate and appropriate information to the taxpayer, which could delay collection of amounts owing. In addition, it also increases the risk Finance may not be treating taxpayers consistently and fairly. We suggest Finance take steps (e.g., implement controls in its revenue IT system) to ensure all collection activities and communications are appropriately approved.

#### 4.9.2 Penalty and Interest Waivers, and Write-Offs

In order to promote voluntary taxpayer compliance, Finance periodically waives penalties and interest related to taxes owing. See **Figure 15** for the amount of penalty and interest waived over the last four years.

**Figure 15—Penalties and Interest Waived**

	2018–19	2019–20	2020–21	2021–22
Amount of penalties and interest waived (in millions)	\$0.4	\$0.7	\$0.6	\$1.1

Source: Information provided by the Ministry of Finance.

As noted in **Section 4.6**, Finance provided appropriate guidance to staff for when penalties and interest can be waived and when it cannot. The guidance also sets the required approvals for waivers. For three items tested where Finance waived penalties and interest, we found staff followed established guidance. We also tested two monthly penalty and interest waiver reports and found they were appropriately approved by directors consistent with established guidance.

Also, as noted in **Section 4.6**, Finance established written guidance for writing off tax debts due including when amounts should be written off and who can approve them. For two items we tested where amounts were written off, we found these write-offs were appropriately approved. See **Figure 2** in **Section 2.1** for the write-off amounts for the past six years. In 2021–22, Finance wrote off \$2.6 million in PST revenue owing.

Following appropriate guidance for waiving penalties and interest, as well as writing off tax debts is critical to ensure taxpayers are treated fairly and consistently and the Government receives the appropriate share of tax revenue owed.

### 4.10 Reasonable Performance Measures and Targets Established But Limited Documented Analysis of Enforcement Activity Results

The Ministry of Finance monitors results of PST enforcement activities including monitoring some performance measures and targets for key actions; however there is limited documented analysis of results.

#### **Measures Set**

Finance has set key enforcement activities (see **Section 4.4**) with some performance measures and targets. For example, it measures revenues generated from enforcement



activities (e.g., revenue generated by audits), the number of enforcement activities (e.g., education/outreach visits) conducted, and the value of enforcement activities in relation to the cost of conducting those activities (i.e., benefit-cost ratio).<sup>21</sup> Finance reassesses performance measures and targets annually to determine whether they continue to be relevant and appropriate.

We found the measures and targets set generally reflect good practice. For example, Finance has performance measures that measure certain outcomes (e.g., revenue generated from outreach contacts, total revenue collected from collection activities). It has also set measures that generally consider the impact on potential tax gaps and rates of non-compliance (e.g., total amount of audit revenue assessed, dollar amount of revenue generated from new registrations of non-resident vendors).

However, we found Finance does not have measures or targets for timeliness of audit completion. See **Section 4.6** where we recommend that Finance set out the expected timeframe for communicating audit results to the taxpayer.

### **Tracking Results**

Finance tracks information on enforcement activities. Finance uses information from its revenue IT system (e.g., amounts owing, revenue generated from collection activities, number of audits completed) or from various spreadsheets to report on the performance measures established. We generally found this information reliable.

Finance generally collects appropriate information from enforcement activities to enable it to effectively report on results. We found for all the enforcement activities we tested, Finance appropriately collects information on the results of the activities (e.g., correspondence sent, audit results, amounts owing, payment plan arrangements). However, as noted in **Section 4.8.2**, Finance does not document sufficient information in its revenue IT system on when staff send key communications to taxpayers to enable ready determination of whether audit communications were timely.

### **Reporting Results**

Staff report certain results of enforcement activities to senior management monthly in monthly activity reports, including results for some of its performance measures. For example, these reports include the benefit-cost ratio, total amount of audit revenue assessed, and number of new e-commerce businesses registered. While we noted monthly directors' meeting minutes indicated discussion of these reports, we did not see evidence of any documented analysis of the results in the monthly activity reports (e.g., reasons for not meeting targets, steps planned to improve results).

In addition to monthly activity reports, staff prepare reports for senior management on results for all performance measures identified in annual plans at the mid-year point and year-end.

We reviewed the 2021–22 year-end results and found Finance had many areas where it achieved its target or expected results, or it completed significant work to advance progress

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<sup>21</sup> The value of audit and compliance activities in relation to the cost of performing those activities (i.e., incremental revenue generated for each dollar spent on audit and compliance).



on ongoing projects. Management indicated they complete an analysis if targets are not met to determine why the target was not met. However, there was limited evidence of Finance completing analysis when it did not achieve expected results, (e.g., if results were not achieved, why not, and what is the plan to achieve results). We also found no guidance exists requiring staff to perform and document such analysis.

Without adequate analysis of results, it is difficult for Finance to determine why it did not achieve expected results, whether it is focusing its resources on the right areas, and how it should adapt enforcement strategies.

**6. We recommend the Ministry of Finance explain differences between planned and actual provincial sales tax enforcement results, and future actions needed, in its reports to senior management.**

## 4.11 Public Reporting on Tax Enforcement

The Ministry of Finance publicly reports some information on tax enforcement, but could consider reporting additional information.

Finance reports some information on tax enforcement activities to the public in its annual report.<sup>22</sup> For example, Finance's annual report for 2020–21 reports on the following performance measures (for all taxes not just PST):<sup>23</sup>

- The benefit-cost ratio of taxation audit and compliance activities
- Client satisfaction of businesses (vendors) that collect taxes on behalf of the Government

The annual report also includes descriptive information on tax-related initiatives undertaken in the 2020–21 fiscal year (e.g., promoting compliance through taxpayer education, focusing proactive outreach and education on PST base expansion, assessing the impact of e-commerce on tax revenue).

Finance established guidance for staff to follow when preparing its public annual report. While the guidance indicates reports should include information on performance measures, targets and, at minimum, results from the prior year, it does not provide guidance on determining which measures to report. We found no clear rationale for measures reported publicly related to tax enforcement (i.e., why certain performance measures are reported over other measures). Setting clear rationale for the performance measures reported publicly could help Finance enhance its public reporting on tax enforcement.

We researched what other jurisdictions in Canada publicly report related to tax enforcement and found there are areas where Finance reports similar information to the public (e.g., information comparing benefits of enforcement activities compared to cost, client/taxpayer satisfaction). However, we noted there are some areas where Finance could consider additional reporting. For example, certain other jurisdictions report on the percentage of on-time tax payments (British Columbia, Canada), percentage of service

<sup>22</sup> [publications.saskatchewan.ca/api/v1/products/118428/formats/136234/download](https://publications.saskatchewan.ca/api/v1/products/118428/formats/136234/download) (12 September 2022).

<sup>23</sup> Finance's annual report for 2021–22 reported on similar performance measures.





targets met such as timeliness of tax audit completion, and timeliness of responding to phone calls or correspondence (Quebec, Canada).<sup>24,25,26</sup>

Providing enhanced reporting to the public on tax enforcement would provide additional transparency and help the public to better understand how Finance enforces compliance with tax legislation.

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<sup>24</sup> [www.bcbudget.gov.bc.ca/Annual\\_Reports/2020\\_2021/pdf/ministry/fin.pdf](http://www.bcbudget.gov.bc.ca/Annual_Reports/2020_2021/pdf/ministry/fin.pdf) (16 September 2022).

<sup>25</sup> [www.canada.ca/content/dam/cra-arc/corp-info/aboutcra/dprtmntl-prfrmnc-rpts/2020-2021/drr-20-21-en.pdf](http://www.canada.ca/content/dam/cra-arc/corp-info/aboutcra/dprtmntl-prfrmnc-rpts/2020-2021/drr-20-21-en.pdf) (16 September 2022).

<sup>26</sup> [www.revenuquebec.ca/documents/fr/publications/adm/ADM-500%282021-12%29.pdf](http://www.revenuquebec.ca/documents/fr/publications/adm/ADM-500%282021-12%29.pdf) (16 September 2022).

## Chapter 10

# Saskatchewan Cancer Agency—Cancer Drug Supply Management

### 1.0 MAIN POINTS

The Saskatchewan Cancer Agency is responsible for delivering effective and sustainable research, education, prevention, early detection, treatment, and supportive care programs for the control of cancer in Saskatchewan. It provides cancer drug treatments to more than 10,000 patients each year.

To appropriately treat cancer patients, the Agency must manage its supply of cancer drugs to have the right type of cancer drugs available for patients at the right time. In 2021-22, the Agency spent over \$120 million on cancer drugs.

At June 30, 2022, our audit found the Agency had effective processes to manage its supply of cancer drugs, except it needs to formally document:

- Processes for updating the approved list of cancer drugs available on its drug formulary. This mitigates delays in updating the drug formulary in the event of staff turnover and makes new cancer drug treatments available to patients as soon as possible.
- Timeframes for making decisions on physician requests for exception cancer drugs. Our testing identified two cases where the Agency did not make timely decisions on requests for exception cancer drugs; one decision took 64 days. Timely decisions can help patients have access to the cancer drugs needed to support their treatment.
- Relevant factors (e.g., pricing, clinical reasons) considered when deciding to purchase cancer drugs directly rather than using group purchasing methods to help the Agency appropriately assess whether it is making appropriate purchasing decisions. Group purchasing enables the Agency to realize the benefits of nationally-negotiated prices for cancer drugs.
- Rationale, and approvals, when purchasing drugs using the single or sole source purchasing methods. This helps the Agency to reduce the risk of not facilitating fair and equitable treatment of suppliers, and not obtaining the best value when making purchasing decisions. During 2021–22, the Agency purchased about \$10 million of cancer drugs through single or sole source purchasing.
- When and who completed supplier evaluations when tendering for cancer drug purchases to protect the Agency in the event of possible conflicts of interest and provide evidence of its supplier decisions before entering into purchasing contracts.

Failure to purchase safe and effective cancer drugs in the right quantities may put patients at risk of not receiving the most appropriate treatment when needed. Ineffective purchasing processes increases the risk of the Agency not receiving best value for cancer drugs.



## 2.0 INTRODUCTION

This chapter outlines the results of our audit of the Saskatchewan Cancer Agency's processes to manage its supply of cancer drugs for the 12-month period ended June 30, 2022.

Our audit did not involve assessing healthcare providers' decisions to provide treatment or to administer cancer drugs to patients.

## 2.1 Cancer Treatment in Saskatchewan

The Saskatchewan Cancer Agency is responsible to deliver effective and sustainable research, education, prevention, early detection, treatment, and supportive care programs for the control of cancer in Saskatchewan.<sup>1</sup>

The Agency maintains a list of approved cancer drugs for cancer patients in Saskatchewan through its drug formulary. It uses three main methods for acquiring these drugs:

- Contracts originating from terms negotiated by the pan-Canadian Pharmaceutical Alliance (pCPA). The pCPA uses the combined negotiating power of its members (i.e., provincial, territorial and federal governments) to conduct joint negotiations for brand name and generic drugs in Canada, and obtain greater value for publicly funded drug programs and for patients.<sup>2</sup> In 2021–22, the Agency purchased almost \$89 million of cancer drugs under this method.
- Contract established by Health Shared Services Saskatchewan (3sHealth) with a national group purchasing organization (i.e., HealthPRO) for most generic cancer drugs and support medications (e.g., anti-nausea).<sup>3,4</sup> In 2021–22, the Agency purchased over \$4.5 million of cancer drugs under this method.
- Contracts negotiated directly by the Agency. In 2021–22, the Agency purchased over \$27.7 million of cancer drugs under this method.<sup>5</sup>

The Agency administers most cancer (i.e., oncology) treatments at its two main centres—the Allan Blair Cancer Centre in Regina and the Saskatoon Cancer Centre.<sup>6</sup> The Agency pays for the costs of approved cancer drugs administered to patients—it provides treatment at no cost to the patient.

As shown in **Figure 1**, the Agency provides chemotherapy (i.e., drug) treatments to over 3,000 cancer patients annually at its two centres.

<sup>1</sup> *The Cancer Agency Act*, s. 9.

<sup>2</sup> [www.pcpacanada.ca/about](http://www.pcpacanada.ca/about) (26 September 2022).

<sup>3</sup> 3sHealth is responsible for facilitating the purchase of goods and services on behalf of its member agencies (i.e., shared procurement), including the Saskatchewan Cancer Agency, and the Saskatchewan Health Authority and its affiliates. Our Office audited 3sHealth's shared procurement processes in our *2015 Report – Volume 2, Chapter 34*, pp. 185–203.

<sup>4</sup> HealthPRO brings together the national buying power and expertise of 1,300 member organizations to deliver contracts for high-quality products and services, saving both time and money for healthcare institutions across Canada. [www.healthprocanada.com/about-us](http://www.healthprocanada.com/about-us) (21 September 2022).

<sup>5</sup> Information provided by the Saskatchewan Cancer Agency.

<sup>6</sup> The Allan Blair Cancer Centre is located at the Pasqua Hospital, and the Saskatoon Cancer Centre is located at the Royal University Hospital.

**Figure 1—Number of Patients and Chemotherapy Treatment Visits Provided at the Saskatchewan Cancer Centres in Regina and Saskatoon**

Centre	2018–19	2019–20	2020–21	2021–22
<b>Allan Blair Cancer Centre</b>				
Chemotherapy treatment visits	10,641	11,357	11,010	11,881
Number of patients	1,410	1,542	1,490	1,539
<b>Saskatoon Cancer Centre</b>				
Chemotherapy treatment visits <sup>A</sup>	12,044	12,568	11,900	13,007
Number of patients <sup>A</sup>	1,652	1,718	1,594	1,752
<b>Total chemotherapy treatment visits</b>	<b>22,685</b>	<b>23,925</b>	<b>22,910</b>	<b>24,888</b>
<b>Total number of patients</b>	<b>3,062</b>	<b>3,260</b>	<b>3,084</b>	<b>3,291</b>

Source: Adapted from the Saskatchewan Cancer Agency *Annual Report 2021–22*, p. 16.

<sup>A</sup> Pediatric oncology moved to the Saskatchewan Health Authority Jim Pattison Children's Hospital in 2019–20.

The Agency also uses 17 Community Oncology Program of Saskatchewan (COPS) sites across the province to allow patients to receive certain treatment closer to their home.<sup>7</sup> The Agency maintains a list of drugs eligible for administration at the COPS sites; not all cancer drugs on the Agency's cancer drug formulary are provided at COPS sites.

As shown in **Figure 2**, the number of patients receiving chemotherapy treatment at COPS sites continues to rise, with over 2,400 cancer patients receiving treatment in 2021–22.

**Figure 2—Number of Patients and Chemotherapy Treatment Visits Provided at Community Oncology Program of Saskatchewan (COPS) Sites**

	2018–19	2019–20	2020–21	2021–22
Chemotherapy treatment visits	13,514	13,869	14,391	15,018
Number of patients	2,008	2,057	2,128	2,405

Source: Adapted from the Saskatchewan Cancer Agency *Annual Report 2021–22*, p. 17.

## 2.2 Importance of Effectively Managing the Supply of Cancer Drugs

Cancer is the leading cause of death in Canada.<sup>8</sup> It poses an enormous burden on both the health of Canadians and on the Canadian healthcare system.

The Canadian Cancer Society estimates 43% of Canadians will be diagnosed with cancer in their lifetime.<sup>9</sup> In 2021, it expected 229,200 new cancer cases, with Saskatchewan residents representing 6,000 of those cases.<sup>10</sup> It also estimates by 2028–32, the average annual number of new cancer cases will increase 79% compared to 2003–07 driven by an aging and growing population.<sup>11</sup>

<sup>7</sup> COPS sites are located in Estevan, Melville, Moose Jaw, Moosomin, Swift Current, Weyburn, Yorkton, Humboldt, Kindersley, Lloydminster, Meadow Lake, Melfort, Nipawin, North Battleford, Prince Albert, Tisdale, and Flin Flon (for Saskatchewan residents only).

<sup>8</sup> Canadian Cancer Society, *Canadian Cancer Statistics 2021*, (2021), p. 67.

<sup>9</sup> Ibid., p. 22.

<sup>10</sup> Ibid., p. 15.

<sup>11</sup> Ibid., p. 72.



To properly treat cancer patients, cancer organizations must have the right type of cancer drugs available at the right time. Purchasing cancer drugs is a complex process involving agencies, committees, and individuals—on both a national and provincial level. It is important that fair access is provided to drugs in a way that is affordable for the health system.<sup>12</sup> The World Health Organization notes good pharmaceutical purchasing practices are based on four strategic objectives:

- Purchase the most cost-effective drugs in the right quantities
- Select reliable suppliers of high-quality products
- Ensure timely delivery
- Achieve the lowest possible cost<sup>13</sup>

Effective processes to manage cancer drugs contribute to the safety and well-being of cancer patients in Saskatchewan. Failure to purchase safe and effective cancer drugs in the right quantities may put patients at risk of not receiving the most appropriate treatment when needed. This may lead to irreparable mental and physical health damage and, in extreme cases, avoidable loss of life. Ineffective purchasing processes increases the risk of the Agency not receiving best value for cancer drugs and may result in excessive waste and increased costs to the healthcare system.

### 3.0 AUDIT CONCLUSION

**We concluded, for the 12-month period ended June 30, 2022, the Saskatchewan Cancer Agency had, other than the following areas, effective processes to manage its supply of cancer drugs.**

**The Agency needs to formally document:**

- **Processes for updating the approved list of cancer drugs available on its drug formulary to treat cancer patients**
- **A timeframe for making decisions on physician requests for exception cancer drugs**
- **Relevant factors considered when deciding to purchase cancer drugs directly rather than using group purchasing methods**
- **Rationale, and approvals, when purchasing drugs using the single or sole source purchasing methods**
- **When and who completed supplier evaluations when tendering for cancer drug purchases**

<sup>12</sup> McMaster Health Forum & Canadian Centre for Applied Research in Cancer Control, *Making Fair and Sustainable Decisions about Funding for Cancer Drugs in Canada*, (2016), p. 16.

<sup>13</sup> Adapted from World Health Organization, (1999), *Operational principles for good pharmaceutical procurement* (Essential Drugs and Medicines Policy Interagency Pharmaceutical Coordination Group). [www.apps.who.int/iris/bitstream/handle/10665/66251/WHO\\_EDM\\_PAR\\_99.5.pdf?](http://www.apps.who.int/iris/bitstream/handle/10665/66251/WHO_EDM_PAR_99.5.pdf?) (10 May 2022).

**Figure 3—Audit Objective, Criteria, and Approach****Audit Objective:**

To assess whether the Saskatchewan Cancer Agency had effective processes to manage its supply of cancer drugs for the 12-month period ended June 30, 2022.

Our audit did not involve assessing healthcare providers' decisions to provide treatment or to administer cancer drugs to patients.

**Audit Criteria:**

Processes to:

**1. Approve list of cancer drugs supplied, at no cost, to patients**

- Review list of cancer drugs regularly
- Approve changes (i.e., additions/deletions) to list of cancer drugs
- Assess requests for use of cancer drugs not on the list

**2. Determine appropriate cancer drug suppliers**

- Determine which drugs are subject to group purchasing
- Define roles for various purchasing methods (e.g., direct, group)
- Evaluate potential suppliers for best value
- Track performance of key suppliers

**3. Maintain an adequate supply of cancer drugs**

- Regularly assess need for cancer drugs
- Appropriately distribute and store cancer drugs
- Analyze key performance information (e.g., shortages, cancer drug wastage, dispensing patterns)
- Regularly report to key stakeholders (e.g., senior management, Board, Ministry of Health)

**Audit Approach:**

To conduct this audit, we followed the standards for assurance engagements published in the *CPA Canada Handbook—Assurance* (CSAE 3001). To evaluate the Agency's processes, we used the above criteria based on our related work, review of literature including reports of other auditors, and consultations with management. The Agency's management agreed with the above criteria.

We examined the Agency's policies and procedures relating to managing its supply of cancer drugs. We interviewed key staff responsible for managing the Agency's supply of cancer drugs. We tested samples of changes to the cancer drug formulary, exception drug requests, and drug purchases. In addition, we observed the Agency's processes to manage its supply of cancer drugs in one of its main cancer centres and two COPS sites. We also used an independent consultant with subject matter expertise in the area to help us identify good practice and assess the Agency's processes.

## 4.0 KEY FINDINGS AND RECOMMENDATIONS

### 4.1 Process for Maintaining Cancer Drug Formulary Not Documented

The Saskatchewan Cancer Agency regularly reviews and updates its cancer drug formulary (i.e., list of approved cancer drugs); however, the process to do so is not formally documented.

The Agency maintains a list of cancer drugs funded by the Ministry of Health on its website.<sup>14</sup> At September 2022, the Agency had over 180 cancer drugs on its list. It provides these drugs, at no cost to patients, for cancer treatment.<sup>15</sup> See **Figure 4** for a summary of content within the cancer drug formulary.

<sup>14</sup> [www.saskcancer.ca/health-professionals-article/drug-formulary?highlight](http://www.saskcancer.ca/health-professionals-article/drug-formulary?highlight) (13 September 2022).

<sup>15</sup> In some cases, cancer treatment in another province or country may be desired or necessary (i.e., certain procedures or treatments may not be available in Saskatchewan). The Ministry of Health provides prior approval for payment in such cases. Patients are responsible for the costs of related travel, meals, and accommodations. [www.saskcancer.ca/patients-and-families-articles/receiving-treatment-out-of-province](http://www.saskcancer.ca/patients-and-families-articles/receiving-treatment-out-of-province) (27 September 2022).

**Figure 4—Cancer Drug Formulary Content Summary**

- Drug name (under its generic or chemical name)
- Dosage form (e.g., tablet, vial)
- Strength (e.g., 250 mg, 500 mg)
- Disease site group (e.g., gastrointestinal)
- Cancer site (e.g., pancreas, colon)
- Funded indications and eligibility requirements (i.e., criteria for use in specific cancers, specific treatment settings, in combination with other drugs)

Source: Saskatchewan Cancer Agency Drug Formulary, September 2022.

The Agency makes its Pharmacy and Therapeutics Committee responsible for the oversight and management of the cancer drug formulary.<sup>16</sup> However, we found the terms of reference for this Committee is outdated (last updated in 2008), and did not align with current practices (e.g., terminology, membership, subcommittees).

A national drug expert review committee assesses the clinical evidence of drug trials (e.g., efficacy, safety, patient impact) and cost-effectiveness (e.g., versus available comparators in Canada) of new cancer drugs on the market.<sup>17</sup> It makes recommendations to all the federal, provincial, and territorial publicly-funded drug plans to help guide their drug funding decisions. In addition, upon the committee's recommendations for acceptance of new cancer drugs, the pan-Canadian Pharmaceutical Alliance (pCPA) negotiates nationally with the drug manufacturers and sign letters of intent.<sup>18</sup>

Each month, the Agency's Pharmacy and Therapeutics Committee reviews the new drug recommendations from the national committee. It also considers the epidemiology information from the manufacturer, the Canadian market's expected acceptance of the drug, and budget impact.<sup>19</sup>

Once a pCPA letter of intent for a new cancer drug or indication (i.e., using a certain drug for treating a specific cancer) is in place, the Agency submits a request for approval of the drug in its quarterly drug funding submission to the Ministry of Health. Upon receiving Ministry approval, the Agency adds the new cancer drug or indication to its approved drug formulary. The Agency indicated the Ministry has yet to deny the Agency's requests for adding new cancer drugs to its approved drug formulary.

As of September 2022, management indicated pCPA had letters of intent for 180 brand name cancer drugs and associated indications, and the Agency had all but five of them on its drug formulary. The Agency expects to add these five drugs and associated indications on its formulary before the end of 2022.

For cancer drugs already in use, physicians may request a change to drug eligibility requirements set out in the approved drug formulary. For example, a physician may request

<sup>16</sup> The Pharmacy and Therapeutics Committee is chaired by the Director of Oncology Pharmacy Services and includes various executives (i.e., Vice-President of Care Services, Vice-President of Population Health, Quality, and Research) and senior medical staff (e.g., medical directors, hematologist, medical oncologists).

<sup>17</sup> Canada's Drug and Health Technology Agency (CADTH) has a national drug expert review committee to bring consistency and clarity to the assessment of drugs in Canada. The committee's membership includes a chair, three patient representatives, one ethicist, and 12 expert members (e.g., physicians, pharmacists, health economists). CADTH was established by Canada's federal, provincial, and territorial governments to be a trusted source of independent information and advice for the country's publicly funded healthcare systems. [www.strategicplan.cadth.ca/about/](http://www.strategicplan.cadth.ca/about/) (26 September 2022).

<sup>18</sup> As of April 30, 2022, the pan-Canadian Pharmaceutical Alliance (pCPA) estimates it has, through collective negotiations, realized overall savings of \$2.67 billion annually for brand name drugs (across all types of drugs, including cancer drugs). [www.pcpacanada.ca/about](http://www.pcpacanada.ca/about) (26 September 2022).

<sup>19</sup> Epidemiology is the method used to find the causes of health outcomes and diseases in populations. [www.cdc.gov/careerpaths/k12teacherroadmap/epidemiology.html](https://www.cdc.gov/careerpaths/k12teacherroadmap/epidemiology.html) (29 September 2022).



the expansion of the use of a drug beyond a specific cancer. The Agency's Pharmacy and Therapeutics Committee reviews and approves such requests prior to the Agency changing the cancer drug formulary. In addition, if the Agency continues to see multiple requests for a particular exception (i.e., cancer drugs not on the formulary, or use of a drug on the formulary but outside of the eligibility criteria), the Committee also considers adding those particular exceptions to the formulary. The Agency added one additional indication for an approved drug to its formulary in 2021–22.

In 2021–22, the Agency made 21 changes to its cancer drug formulary. We tested four changes and found the Agency followed its established process (e.g., reviewed national committee recommendations, requested Ministry of Health's approval) and made timely updates to its formulary. We found the Agency added these new drugs to its approved drug formulary within two or three months of pCPA signing a letter of intent with the applicable drug manufacturers (and about a year after the national committee's initial recommendations).

While we found the Agency's processes to modify its cancer drug formulary aligned with good practice, the Agency has not formally documented its processes. For example, it has not documented the various roles and responsibilities, frequency of updates, evaluation criteria, or approval process. Good practice recommends it should.

Without formally documenting its processes to update its cancer drug formulary, those involved in the process may not be aware of, or fully understand, the process and the desired results—especially in the event of staff turnover. As a result, this may increase the risk of delays in cancer drugs available for patient treatments.

1. We recommend the Saskatchewan Cancer Agency formally document its processes for updating the approved list of cancer drugs (i.e., formulary) available to treat cancer patients.

## 4.2 Timeframe for Decisions on Exception Cancer Drugs Needed

The Saskatchewan Cancer Agency has a formalized process to approve exception drug requests. However, it does not have an established timeframe for deciding on requests.

The Agency maintains a case-by-case review program for exception drug requests (i.e., on an individual patient basis). The program is intended for a small group of patients with rare types of cancer. It provides a standardized and transparent process for Agency staff to follow when physicians request cancer medications outside of the Agency's approved list of cancer drugs or approved indications (i.e., using a certain drug for treating a specific cancer) in the formulary.

The Agency's Case-By-Case Review Program Policy requires physicians to apply for an exception drug by completing an electronic form that includes information and evidence (e.g., estimated median survival with and without treatment, other anticipated clinical benefit, research/papers) to support the request. The Director of Oncology Pharmacy Services and the disease/tumor site leader evaluate all applications to either approve or deny the requests.<sup>20</sup> We found the Case-By-Case Review Program Policy for exception drug requests aligns with good practice.

<sup>20</sup> A disease/tumor site leader is a physician specialist with expertise in the relevant disease site (e.g., breast).





Between July 1, 2021 and May 31, 2022, the Agency received 175 requests for exception drugs. Of those requests, 131 were approved, 39 denied, and 5 withdrawn.

For all 17 exception drug requests we tested (i.e., 10 approved, 7 denied), we found physicians submitted complete applications and the Agency used standardized criteria to evaluate the requests. We also found the documentation maintained (e.g., discussion points between the Director of Oncology Pharmacy Services and disease/tumor site leader) supported the decision.

We found the Agency has not established a timeframe (e.g., within one week) for making decisions on physician requests. We found in two cases, the decision was not timely—it took 9 and 64 days respectively for the Agency to make a decision. We found the Agency denied these two requests.

Management indicated the Agency is working on developing a timeframe for making decisions on physician requests for exception drugs within its Case-By-Case Review Program Policy. It expects to complete this work by March 2023.

Delays in making decisions on physician requests for exception drugs may affect a patient's future treatment plans. Having a timely case-by-case review program for exception drug requests helps to ensure all patients have access to the cancer drugs needed to support their treatment.

**2. We recommend the Saskatchewan Cancer Agency establish a timeframe for making decisions on physician requests for exception cancer drugs.**

### 4.3 Need to Consider Relevant Factors When Deciding on Direct Purchasing

The Saskatchewan Cancer Agency does not set relevant factors it expects staff to consider when deciding to purchase cancer drugs directly rather than using group purchasing methods.

As noted in **Section 2.1**, the Agency uses three main methods for acquiring cancer drugs:

- Contracts originating from terms negotiated by the pan-Canadian Pharmaceutical Alliance (pCPA)—used mainly for brand name drugs still under patent protection (78 contracts during 2021–22)
- Contract established by 3sHealth with a national group purchasing organization (i.e., HealthPRO)—used for most generic cancer drugs and support medications (e.g., anti-nausea) (84 contracts during 2021–22)
- Contracts negotiated directly by the Agency—used for tenders and single/sole source drug purchases (5 tendered contracts and 24 single/sole sourced contracts in 2021–22)<sup>21</sup>

<sup>21</sup> Single source is purposely choosing a single supplier even though others are available (typically for small purchases or emergency purchases). Sole source is when only one supplier for the required item is available. These are non-competitive procurement methods.

For drugs acquired through group purchasing methods (i.e., pCPA, HealthPRO), the Agency remains aware of new cancer drugs and negotiations through its participation on group purchasing committees. For example, Agency staff participate in pCPA's weekly Oncology Operations Committee meetings. The pCPA expects each of its members (provincial, territorial and federal governments) to lead pCPA negotiations with some manufacturers, along with providing advice on negotiations led by other members. The Agency is Saskatchewan's representative on the pCPA and leads some negotiations with manufacturers as required.

Upon completion of negotiations, pCPA enters into a letter of intent with the manufacturer. Each member has the option of participating in the letter of intent which sets out the material terms of the agreement (e.g., reimbursements under public drugs plans, pricing, rebates) between the participating members and the manufacturer. Each member also enters into their own agreement with the manufacturer for a specific period (e.g., three years) establishing the net price of the cancer drug to the member and any product rebates.<sup>22</sup> In addition, we found the pCPA letter of intent acknowledges that members (including Saskatchewan) may re-negotiate the terms of the agreement if there are significant market changes.

The Agency has procurement-related policies and procedures to help guide the Agency's purchases, including drug purchases. Its delegation of authority policy sets out required approvals for drug purchase contracts. In addition, the Agency's contract management policy includes the contract process for tendering purchases and single/sole source purchases.

However, the Agency's contract management policy does not consider certain factors when deciding to purchase cancer drugs directly and not using group purchasing (e.g., through contracts established by pCPA and HealthPRO). We think it should because the decision to negotiate contracts directly rather than participate in group purchasing is an important purchasing decision. Group purchasing enables the Agency to realize the benefits of nationally-negotiated prices for cancer drugs. As such, the Agency should formally establish relevant factors (e.g., pricing, clinical reasons) staff must consider and document when deciding to negotiate drug purchase contracts directly.

**Figure 5** highlights key requirements within the Agency's policies and procedures.

**Figure 5—Analysis of Key Requirements for Cancer Drug Purchases Compared to Current Policies and Procedures**

Requirement	Part of Saskatchewan Cancer Agency's Policies and Procedures?
Outlines key principles when making purchasing decisions (e.g., achieve best value, conduct purchasing in an equitable manner)	Yes
Sets out available purchasing methods:	
Group purchasing (i.e., through HealthPRO and pCPA), including process for participating in group letters of intent with manufacturers and factors (e.g., pricing, clinical reasons) to justify not using these purchasing methods	No

<sup>22</sup> Within its agreements with drug manufacturers, the Agency may negotiate product rebates based on the Agency's purchases or utilization of the drugs. Rebates can take the form of monetary rebates or access to additional quantities of drugs at no cost to the Agency.



Requirement	Part of Saskatchewan Cancer Agency's Policies and Procedures?
Non-competitive such as single or sole source purchases	Yes—however, does not set requirements for staff to document sufficient rationale, nor seek approval, for the use of these purchasing methods. See <b>Section 4.4</b>
Competitive requests for public tenders	Yes
Sets out guidance for evaluating potential suppliers when staff use competitive purchasing methods (i.e., public tenders)	Yes—Agency uses an evaluation matrix to evaluate tenders for cancer drug purchases. See <b>Section 4.5</b>
Outlines signing authorities for specific positions and types of purchases	Yes

Source: Developed by the Office of the Provincial Auditor of Saskatchewan.

Without establishing relevant factors to consider when deciding between purchasing cancer drugs directly rather than using group purchasing methods, there is increased risk the Agency may not use the most appropriate method to purchase cancer drugs. This can result in the Agency not obtaining the best value when making purchasing decisions.

**3. We recommend the Saskatchewan Cancer Agency set out, in writing, relevant factors it expects staff to consider when deciding to purchase cancer drugs directly rather than using group purchasing methods.**

We tested 31 drug purchases and found the Agency selected a reasonable purchase method for all items, as follows:

- For the 11 group purchases in our sample, we found the Agency appropriately participated in a letter of intent with a manufacturer (i.e., pCPA purchases) or committed to purchasing drugs from HealthPRO.
- For three tendered items and 17 single/sole source items in our sample, the Agency provided sufficient verbal rationale for use of these methods (e.g., clinical reason, only one manufacturer available). We found no indications the Agency did not obtain best value in these circumstances.
- For all drug purchases tested, the Agency appropriately approved the drug purchase contracts (e.g., approval given by the President and Chief Executive Officer, and the Director of Oncology Pharmacy Services).

Using an appropriate purchasing method is necessary for the Agency to obtain best value when purchasing cancer drugs.

## 4.4 Rationale for Use of Single or Sole Source Purchasing Not Documented

The Saskatchewan Cancer Agency does not document rationale, nor seek approval, for the use of single and sole source purchases of cancer drugs.

As noted in **Section 4.3**, the Agency has a policy guiding its use of single or sole source purchasing. However, contrary to good practice, we found the policy does not set

requirements on what staff must consider and document when using these purchasing methods, and what approvals are necessary.

During 2021–22, the Agency purchased about \$10 million of cancer drugs through single or sole source purchasing. This represents about 40% of drug purchases directly negotiated by the Agency.

We tested 17 single or sole source purchases made by the Agency and found it did not document its rationale, or seek approval (e.g., management independent from Oncology Pharmacy Services), for using these purchase methods. While the Agency did not maintain the documentation and approval, we found the rationale (verbally provided by management) reasonable for each purchase. In most cases, only one manufacturer existed from which the Agency could purchase the drugs (i.e., sole source); in other cases, the Agency provided clinical reasons (e.g., patients experienced adverse reactions to other drugs) for purchasing drugs from a specific manufacturer (i.e., single source).

Not documenting the rationale for its use of single or sole source purchasing increases the risk of the Agency not facilitating fair and equitable treatment of suppliers, and not obtaining the best value when making purchasing decisions.

**4. We recommend the Saskatchewan Cancer Agency document its rationale, and seek approval, when purchasing cancer drugs using the single or sole source purchasing methods.**

## 4.5 Supplier Tender Evaluations Completed, But More Documentation Required

The Saskatchewan Cancer Agency evaluated suppliers when tendering for the purchase of cancer drugs; however, improvements in the process are needed.

The Agency uses an evaluation matrix to score each bid received on a tender. Members of the Agency's pharmacy team (i.e., Director, Manager, and Financial Consultant) complete the evaluations and provide an overall score for each proposal. See **Figure 6** for the criteria used in evaluating proposals. We found the criteria set out in the evaluation matrix aligned with good practice.

**Figure 6—Criteria for Evaluating Cancer Drug Proposals**

- Financial considerations (e.g., price, value additions [such as doses at no charge])
- Proponent relations (e.g., service and support; return policy/expiry date; distribution/shipping; backorder, allocation and supply history; rebate payments)
- Product particulars (e.g., labeling, packaging, dosage, storage conditions, and stability)

Source: Information provided by the Saskatchewan Cancer Agency.

We tested three tenders and found the Agency evaluated the proposals using the evaluation matrix and selected the supplier with the highest score.

However, we found the Agency does not record who was involved in the evaluation process and/or have them sign-off on the completed evaluation.



Lack of evidence of those involved in evaluations increases the risk associated with defending purchasing decisions if there are conflict of interest allegations. In addition, formal sign-offs on completed evaluations provide evidence of the Agency finalizing its supplier decisions prior to entering into contracts with chosen suppliers.

**5. We recommend the Saskatchewan Cancer Agency formally document when and who completed potential supplier evaluations when tendering for cancer drug purchases.**

## 4.6 Supplier Performance Issues Addressed

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The Saskatchewan Cancer Agency uses an ad hoc approach to address supplier performance issues.

Only a few individuals are responsible for making a large portion of the Agency's cancer drug purchasing decisions. As such, the Agency can more easily identify significant supplier performance issues.

We found the Agency handles supplier performance issues on an ad hoc basis through direct communication (e.g., emails) with the manufacturer, distributor, or with the involvement of HealthPRO (where applicable). Through our discussions with management, we identified two supplier performance issues. We found the Agency appropriately handled and communicated these performance issues. For example, the Agency:

- Directly communicated with HealthPRO and a drug manufacturer over a nine-month period between December 2019 and August 2020 in relation to issues with a drug crystalizing (i.e., the drug is no longer usable). The issues persisted and the Agency subsequently purchased from an alternate manufacturer.
- Directly communicated with a distributor in July 2022 about delivery issues, resulting in the Agency receiving a credit for the drugs purchased.

Proactively identifying and addressing supplier performance issues helps to ensure the Agency receives cancer drugs as expected.

## 4.7 Need for Cancer Drugs Regularly Assessed

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The Saskatchewan Cancer Agency regularly assesses its need for cancer drugs.

The Agency generally maintains a minimum six-week and maximum eight-week supply of cancer drugs; however, there are exceptions. For example, some drugs that need refrigeration may have a lower supply maintained due to limitations in storage space. The Agency also maintains inventories of some drugs regardless of expected utilization, as they deem these "life-saving" drugs.

Each quarter, the Agency reviews its minimum and maximum levels of cancer drugs in its inventory management IT system. It reviews utilization reports from the previous three months to help assess and adjust the minimum and maximum inventory levels at its two main centres. We found the Agency's process to maintain its cancer drug inventory levels aligns with good practice.

For eight cancer drugs tested at each main centre, we found the Agency followed its process (i.e., consideration of drug utilization for the previous three months) when setting its minimum and maximum inventory levels.

Our analysis found, as at July 2022, the Agency had 191 drugs (of varying doses) where the quantity on hand exceeded the maximum level by more than 10% and 29 drugs where it was below the minimum level by more than 10%. In instances where the Agency established a minimum level for a drug, our analysis did not identify any instances where the Agency did not have a specific drug available for cancer patients.

We tested 10 drugs with variances from the Agency's established minimum and maximum inventory levels and found the Agency provided reasonable explanations for the differences. For example, our testing found a drug with inventory below the established minimum level due to a supply shortage. This specific drug was on backorder from the manufacturer and the Agency instead sourced it from the Saskatchewan Health Authority on an as needed basis.

See **Figure 7** for common reasons why the Agency does not always maintain the minimum and maximum levels of cancer drugs as planned.

**Figure 7—Common Reasons for Not Maintaining Minimum and Maximum Levels of Cancer Drugs**

- The Agency becomes aware of an upcoming backorder/supply shortage issue and may order more than required, if allowed by the vendor, of a frequently used drug
- Package size limits the ability to order precisely to the maximum level noted
- The agreement with the manufacturer limits the number of drug orders
- Some drugs are purchased only on an as needed basis, as the cost per unit may be high and the number of patients expected to receive the drug may be very low, or the drug may have a short shelf-life

Source: Information provided by the Saskatchewan Cancer Agency.

Each month, the Agency reviews expiry dates for cancer drugs at its main centres in Saskatoon and Regina. Expired cancer drugs do not represent a significant loss to the Agency. In 2021–22, the Agency had approximately \$170,000 of cancer drugs expire but obtained manufacturers' credits (as per the agreements) for almost 90% of these drugs.

Regularly assessing the need for cancer drugs helps to ensure the Agency maintains an appropriate supply of cancer drugs and reduces the risk of patients not receiving the most appropriate treatment when needed.

## 4.8 Community Oncology Centres Used To Deliver Certain Cancer Treatments

The Saskatchewan Cancer Agency uses 17 community oncology centres (i.e., COPS) across the province to deliver cancer treatment to patients closer to their home.<sup>23</sup>

The Agency maintains a list of approved drugs that staff can administer at each site. It determines which cancer drugs/treatment regimens that community oncology centres

<sup>23</sup> The Community Oncology Program of Saskatchewan (COPS) has sites located in Estevan, Melville, Moose Jaw, Moosomin, Swift Current, Weyburn, Yorkton, Humboldt, Kindersley, Lloydminster, Meadow Lake, Melfort, Nipawin, North Battleford, Prince Albert, Tisdale, and Flin Flon (for Saskatchewan residents only).



can safely deliver by using criteria, with a scoring system, to assess the cancer drug/treatment regimens. See **Figure 8** for the safety and practical factors used in determining which cancer drugs/treatment regimens that community oncology centres can safely deliver. We found this process comprehensive and systematic.

**Figure 8—Safety and Practical Factors Used in Assessing Cancer Drugs Delivered at Community Oncology Program of Saskatchewan (COPS) Centres**

**Safety Factors:**

- Drug/treatment regimen toxicity (e.g., risk associated with administration)
- Complexity of drug/treatment regimen
- Community oncology centre staff education requirements
- Agency physician support for request

**Practical Factors:**

- Cost factors (e.g., high cost/dose)
- Drug wastage
- Transportation factors (e.g., difficult and/or hazardous drug to transport)
- Preparation factors (e.g., complex and/or difficult drug preparation)
- Time capacity of community oncology centre to provide service (e.g., requires extended delivery time)
- Staff capacity required by community oncology centre to provide service (e.g., requires extensive staff participation)
- Agency staff capacity to provide service (e.g., requires extensive Agency staff participation)

Source: Saskatchewan Cancer Agency, *Approval for a Cancer Drug/Treatment Regimen in COPS Policy*.

The Agency also maintains a secure website that contains key documents supporting cancer drug distribution, and safe storage and handling for community oncology centre staff reference. For example, the secure website includes:

- Preparation guideline chart—provides guidance on storage, mixing, and dispensing of cancer drugs
- Specific work standards for rare or more complex drugs—provides additional guidance on how to prepare the cancer drug for administration to patients
- COPS “Do Not Make Ahead Lists”—drugs which must not be made until the patient has been assessed by nurses as ready for treatment to ensure drug stability and to minimize wastage

Each community oncology centre maintains a small inventory of cancer drugs. The Agency’s Senior Oncology Pharmacy Technicians work with the centres to determine their needs and to set the minimum and maximum levels of inventory required.

We observed the processes used at two community oncology centres. We found each site had a reasonable process to order cancer drugs to manage minimum and maximum levels. For example, at one centre, staff used cards placed on shelves amongst the drug inventory as reminders for when to order more of a specific drug. We also found the centres properly stored drugs (e.g., on shelves, in refrigerators).

During our observations, we selected nine drugs from the centres’ available inventory and found the drugs were three months to two years away from expiry (i.e., not at risk of expiry).

Having community oncology centres with an adequate supply of cancer drugs allows patients to receive treatment closer to home, which contributes to the safety and well-being of cancer patients.



## 4.9 Cancer Drug Shortages Monitored

The Saskatchewan Cancer Agency regularly monitors cancer drug shortages.

The Agency identifies cancer drug supply shortages through communication with manufacturers and colleagues (including those in other jurisdictions), and through its participation on group purchasing committees (i.e., HealthPRO's Pharmacy Specialties Oncology Committee).

Each month, the Agency's Pharmacy and Therapeutics Committee monitors drug shortages and planned actions to address the shortages.

We found, at June 2022, the Agency monitored three cancer drug shortages, compared to five shortages in August 2021. The Agency monitors whether it has sufficient supply for patients currently scheduled for treatment and considers alternate drugs prior to expected shortages occurring. For example, the Committee noted the dosage for a particular drug may be temporarily unavailable in early 2023. In response, the Committee anticipates considering alternate drugs (based on a report provided by Canada's Drug and Health Technology Agency) prior to the possible shortage.<sup>24</sup>

We also found the Agency appropriately includes a clause in its drug contracts with suppliers as a protection measure in the event of a shortage. In such circumstances, the supplier and/or the Agency identify an alternate supplier (mutually agreed upon) from which the Agency can purchase cancer drugs and a force majeure may take effect, if necessary.<sup>25</sup>

Regularly monitoring cancer drug shortages helps the Agency to assess its existing inventory levels and consider alternate courses of action in preparation for a shortage. Doing so helps the Agency to maintain uninterrupted treatments for cancer patients.

## 4.10 Key Cancer Drug Information Analyzed and Reported

The Saskatchewan Cancer Agency analyzes key cancer drug information and reports the results to senior management, its Board of Directors, and the Ministry of Health.

Each month, the Agency analyzes and reports to senior management, its Board of Directors, and the Ministry of Health in three key areas:

- Drug utilization—information detailed by drug category (e.g., hormone therapy, supportive care) and administration route (e.g., take home, intravenous)
- Rebates—tracked by each type of drug, as consideration of drug rebates is an important factor in the Agency's total net cost of cancer drugs
- Financial information—the annual budget, year-to-date spending, estimates to year-end, and an expected variance from budget for the top 70 cancer drugs budgeted for the year

<sup>24</sup> Canada's Drug and Health Technology Agency (CADTH) was established by Canada's federal, provincial, and territorial governments to be a trusted source of independent information and advice for the country's publicly funded healthcare systems. [www.strategicplan.cadth.ca/about/](http://www.strategicplan.cadth.ca/about/) (26 September 2022).

<sup>25</sup> Force majeure clauses in contracts free both parties from liability or obligation when uncontrollable events (e.g., labour stoppages, epidemic) prevents one or both parties from fulfilling their obligations under the contract.





For a sample of two months, we found the Agency provided the Ministry with an accurate financial package including the prior year and current year-to-date drug expenses and rebate information, along with a comparison to budget and variance explanations. The Agency provides the same information to its Board on a quarterly basis.

We found the Agency also tracks cancer drug wastage that can occur under various circumstances (e.g., vial punctured and/or partially utilized, prepared wrong concentration of drug, improper storage conditions). We found cancer drug wastage is not a significant issue for the Agency as it amounted to less than 1% of the total cancer drug expenses in 2021–22.

We also found the Agency periodically provides ad hoc information to the Ministry. For example, in January 2022, the Agency presented the 2022–23 drug and financial forecast to the Ministry. The presentation contained information on items such as cancer drug expenditures before and after rebates, annual unique patients receiving particular drug treatments (i.e., 2020–21: 10,314 patients; 2019–20: 10,072 patients), and savings from using generic and biosimilar cancer drugs (total estimated savings of over \$17 million in 2021–22).<sup>26,27</sup>

Each year, the Agency publicly reports numerous statistics in its annual report for the previous four years, including trend information on the number of patients receiving treatment at its two main centres and at its community oncology centres (see **Section 2.1**). **Figure 9** provides further examples of the statistics the Agency publicly reports. Overall, we found the Agency provides comparable statistics to other jurisdictions, and in some cases more.

**Figure 9—Examples of Further Statistics Publicly Reported**

Statistics	2018–19	2019–20	2020–21	2021–22
New patient appointments	7,412	8,006	7,725	7,914
Oral prescriptions processed	57,913	63,560	64,244	65,246
Intravenous medications – inpatient	4,754	4,472	4,660	5,126
Intravenous medications – outpatient	46,602	51,908	49,377	49,361
Community oncology centres' orders dispensed	13,167	16,245	16,905	16,328

Source: Adapted from the Saskatchewan Cancer Agency's *Annual Report 2021–22*, p. 16.

Periodic analysis and reporting of information about cancer drugs provides decision makers with information necessary to understand the effectiveness of the Agency's processes to manage its supply of cancer drugs.

<sup>26</sup> Unique (distinct) patients is the total number of patients receiving at least one cancer drug prescription dispensed by the Agency's pharmacy. The Agency only counts patients once even if they received more than one prescription during the fiscal year.

<sup>27</sup> A generic drug is an exact copy of a brand name drug. Biosimilar drugs are very close in structure and function to a biologic drug (drugs made in a living system such as yeast, bacteria, or animal cells). A biosimilar drug behaves in much the same way, so that there are "no meaningful differences" between it and its brand name biologic drug. [www.cancer.org/treatment/treatments-and-side-effects/treatment-types/biosimilar-drugs/what-are-biosimilars.html](https://www.cancer.org/treatment/treatments-and-side-effects/treatment-types/biosimilar-drugs/what-are-biosimilars.html) (22 September 2022).

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## Chapter 11

# Saskatchewan Government Insurance—Licensing Commercial Drivers

### 1.0 MAIN POINTS

The number of semi-truck collisions increased from 949 in 2019 to 1,018 in 2020. Providing adequate training, imposing timely sanctions and suspending commercial drivers with repeat offences helps to increase public safety and reduce the risk of collisions or fatalities.

We examined Saskatchewan Government Insurance's (SGI) processes to license commercial (e.g., semi-truck) Class 1 drivers. At May 2022, there were close to 62,000 Class 1 drivers in Saskatchewan.

We found SGI set appropriate licensing requirements, confirmed commercial drivers met those requirements, and appropriately addressed commercial drivers' non-compliance with requirements and traffic laws. We also found SGI requires ongoing medical reports for commercial drivers to promote safe operation of semi-trucks on the road.

To improve standards for commercial driver training and to improve vehicle safety, SGI introduced mandatory entry-level training for new Class 1 drivers in March 2019.

Class 1 drivers are required to undergo a minimum of 121.5 hours of mandatory entry-level training (MELT). MELT includes classroom instruction, as well as in-vehicle training in the training school's yard and on the road. At June 2022, there were 27 certified training schools in Saskatchewan offering MELT. In 2021-22, SGI licensed approximately 1,700 new commercial drivers.

New commercial drivers must pass a Class 1 road test. SGI administers these road tests using its own driver examiners, but it needs to document that examiners meet its requirements prior to performing road tests with commercial drivers. This confirms SGI examiners are adequately qualified to test commercial drivers.

SGI has also yet to fully complete its first evaluation of the effectiveness of its new MELT program for commercial drivers. We found the number of driver violations reduce when commercial drivers take MELT. However, the types of violations have not significantly changed (e.g., speeding continues to be the most common violation for Class 1 drivers). SGI's completion of further periodic evaluation will help to identify further areas for improving MELT. For example, as types of violations have not changed, there is likely a benefit to providing additional emphasis during the training program on driving with due care.

### 2.0 INTRODUCTION

Saskatchewan Government Insurance (SGI) administers the Saskatchewan Auto Fund and its related responsibilities. On behalf of the Auto Fund, as administrator, SGI registers vehicles, licenses drivers, and provides related services for about 1.2 million vehicles and



trailers and about 800,000 drivers in Saskatchewan.<sup>1</sup> Enforcement (e.g., policing) of traffic safety laws is the responsibility of law enforcement and not SGI.

We audited SGI's processes to license qualified commercial drivers.<sup>2</sup>

*The Traffic Safety Act* makes SGI responsible for issuing driver's licences to those eligible.<sup>3</sup> The Act sets eligibility requirements to apply for a commercial driver's licence (i.e., Class 1), as well as restrictions SGI can place on those driver's licences (e.g., require driver to wear prescription lenses while driving).<sup>4</sup> The Act also sets out actions SGI can take when drivers do not comply with the Act (e.g., suspend licences, or require driver to take additional training).<sup>5</sup>

## 2.1 Commercial Vehicle Transportation Benefits and Risks

Saskatchewan's economy relies on exporting bulk commodities of agriculture, livestock, oil, and mined mineral resources. The province relies on rail and commercial vehicles to get its goods to market. As a result, the number of semi-trucks registered in the province increased in recent years (2016: 26,872; 2020: 28,097), as well as the number of licensed Class 1 drivers (2016: 61,463; 2020: 62,193).<sup>6</sup> At May 2022, there were 61,784 SGI-licensed commercial drivers.

While commercial vehicle transportation benefits Saskatchewan, there are also risks to the public. As shown in **Figure 1**, during 2020, semi-trucks were involved in almost 3% of collisions. However, of the collisions that resulted in fatalities, about 13% involved semi-trucks.<sup>7</sup> Of the 1,018 collisions involving semi-trucks, 129 resulted in personal injury and 15 involved fatalities.

**Figure 1—Statistics on Semi-Trucks and Collisions from 2016 to 2020**

	2016	2017	2018	2019	2020
Total registered motor vehicles in collisions <sup>A</sup>	46,419	45,960	45,453	44,783	35,765
Registered semi-trucks in collisions	1,082	1,076	1,126	949	1,018
% of collisions involving semi-trucks	2.3%	2.3%	2.5%	2.1%	2.9%
Total registered motor vehicles in fatal collisions	166	141	137	103	111
Registered semi-trucks in fatal collisions	23	19	13	12	15
% of fatal collisions involving semi-trucks	13.9%	13.5%	9.5%	11.7%	13.5%

Source: *Saskatchewan Traffic Collision Report* (2016–20). This is the latest information available.

<sup>A</sup> These statistics include multiple vehicles involved in the same collision.

Semi-trucks weigh significantly more than the average private vehicle and are significantly larger. They also can haul dangerous goods and oversized loads. These factors increase the risk to other drivers in the event of a collision. Operating semi-trucks requires extra training and skill.

<sup>1</sup> *Saskatchewan Auto Fund 2021–22 Annual Report*, p. 6.

<sup>2</sup> For the purpose of this audit, we refer to drivers holding a Class 1 licence as commercial drivers. Class 1 drivers often drive semi-powered units (semi-trucks). For a list of driver classes, see **Section 5.0**.

<sup>3</sup> *The Traffic Safety Act*, s.30–47.

<sup>4</sup> See **Section 5.0** for a summary of each class of driver licenses available in Saskatchewan and what types of vehicles each driver class is permitted to operate.

<sup>5</sup> *The Traffic Safety Act*, s. 48–55.

<sup>6</sup> Saskatchewan Traffic Collisions Report(s), 2016 to 2020. These reports are typically made public each fall.

<sup>7</sup> 2020 Saskatchewan Traffic Collisions Report. [www.sgi.sk.ca/documents](http://www.sgi.sk.ca/documents) (27 September 2022).

On April 6, 2018, Saskatchewan experienced a tragedy when a charter bus carrying the Humboldt Broncos junior hockey team collided with a commercial vehicle near Tisdale. Sixteen people on the bus died and another 13 were injured. The driver of the commercial vehicle was a new driver in the trucking industry.<sup>8</sup> In this instance, the driver was from Alberta, working for an Alberta company, and subject to Alberta's licensing rules. However, it highlighted the overall need for improvements in training standards for licensing commercial drivers.

Before this tragic incident, SGI was working toward implementing training for commercial drivers. Management indicated this incident resulted in SGI implementing the processes to make this training mandatory earlier than it originally planned.

To improve standards for commercial driver training and to improve vehicle safety, SGI introduced mandatory entry-level training for new Class 1 drivers in March 2019.

Providing adequate training from qualified instructors, imposing timely sanctions to influence safe driving behaviour, and suspending licences for Class 1 drivers with repeat offences helps increase public safety and reduce the risk of collisions or fatalities. SGI must maintain adequate standards for commercial drivers to support road safety and ultimately lower crash rates involving commercial vehicles.

### 3.0 AUDIT CONCLUSION

**We concluded, for the 12-month period ending July 31, 2022, Saskatchewan Government Insurance had effective processes, except in the following areas, to license qualified commercial drivers. SGI needs to:**

- **Periodically evaluate the effectiveness of mandatory entry-level training**
- **Sufficiently confirm its Class 1 road test examiners meet requirements to be examiners**

**Figure 2—Audit Objective, Criteria, and Approach**

**Audit Objective:** Assess whether Saskatchewan Government Insurance has effective processes, for the 12-month period ended July 31, 2022, to license qualified commercial drivers to safely operate commercial vehicles.

**Audit Criteria:**

Processes to:

1. **Maintain appropriate license requirements for Saskatchewan commercial drivers**
  - Set appropriate requirements for licensing commercial drivers (policies, training requirements, medical exams)
  - Set consistent qualifications for certifying training schools that deliver mandatory entry-level training
  - Confirm potential commercial drivers meet requirements and qualifications
  - License commercial drivers who meet requirements
2. **Enforce commercial drivers' compliance with regulatory requirements**
  - Continually educate commercial drivers about their responsibilities and consequences of non-compliance (e.g., sanctions)
  - Assess commercial drivers for ongoing compliance with requirements (e.g., medical exams)
  - Respond to complaints about commercial drivers or training schools
  - Appropriately and promptly address commercial drivers non-compliance (e.g., suspend licence)

<sup>8</sup> [www.thecanadianencyclopedia.ca/en/article/humboldt-broncos-bus-crash](http://www.thecanadianencyclopedia.ca/en/article/humboldt-broncos-bus-crash) (9 September 2022).



### 3. Monitor overall results of enforcement activities

- Collect reliable compliance information (e.g., traffic violations)
- Assess and report results (e.g., identify extent and common areas of non-compliance)
- Adjust key actions (e.g., changes to training, regulatory changes)

#### Audit Approach:

To conduct this audit, we followed the standards for assurance engagements published in the *CPA Canada Handbook—Assurance* (CSAE 3001). To evaluate Saskatchewan Government Insurance's processes, we used the above criteria based on related work, reviews of literature, and consultations with SGI management and our audit consultant. SGI's management agreed with the above criteria.

We examined SGI's policies, procedures, reports, and legislation relating to licensing qualified commercial drivers to safely operate commercial vehicles. We assessed processes for certifying Class 1 licence examiners, inspecting training schools, and monitoring commercial driver medical requirements. We tested a sample of licensed commercial drivers and a sample of drivers with infractions to determine whether SGI took appropriate enforcement action. We used an independent consultant with subject matter expertise to help us assess commercial driver training requirements.

## 4.0 KEY FINDINGS AND RECOMMENDATIONS

### 4.1 Requirements for Licensing Commercial Drivers Consistent with Legislation and the National Safety Code

Saskatchewan Government Insurance has set appropriate requirements for Class 1 drivers. SGI effectively confirms drivers meet the requirements set for commercial drivers prior to providing the driver with a Class 1 licence.

We found SGI's Class 1 commercial driver requirements are consistent with legislation (i.e., *The Driver Licensing and Suspension Regulations* and *The Traffic Safety Act*). SGI's requirements also align with the Canadian Council of Motor Transport Administrators (CCMTA) National Safety Code for Motor Carriers.<sup>9</sup>

SGI set appropriate requirements for drivers to become a licensed Class 1 driver. See **Figure 3** for the list of requirements.

**Figure 3—Class 1 Requirements**

- Be a minimum age of 18 years old
- Have a Class 5 licence and not be in the Graduated Driver Licensing program <sup>A</sup>
- Submit a satisfactory medical evaluation/form
- Complete mandatory entry-level training (see **Section 4.2** for further details)
- Complete a successful trip inspection in a Class 1 vehicle (driver demonstrates vehicle safety knowledge and checks the equipment's operation and condition)
- Pass the Class 1 knowledge test
- Pass a road test in a Class 1 vehicle

Source: *Saskatchewan Professional Driver's Handbook*, p. 2.

<sup>A</sup> SGI's Graduated Driver Licensing program consists of a probationary period for new drivers. [www.sgi.sk.ca/handbook/-/knowledge\\_base/drivers/graduated-driver-licensing-program](http://www.sgi.sk.ca/handbook/-/knowledge_base/drivers/graduated-driver-licensing-program) (5 October 2022).

SGI clearly communicates these requirements to drivers in the *Saskatchewan Professional Driver's Handbook*, easily accessible through SGI's website.<sup>10</sup> We found the Handbook is clear and understandable. In addition to providing the commercial driver's licence

<sup>9</sup> The Canadian Council of Motor Transport Administrators (CCMTA) is an incorporated body that coordinates matters dealing with the administration, regulation and control of motor vehicle transportation and highway safety. Membership includes representation from provincial and territorial governments (including SGI staff) as well as the federal government of Canada.

<sup>10</sup> [www.sgi.sk.ca/documents/625510/626984/pro\\_driver\\_handbook.pdf](http://www.sgi.sk.ca/documents/625510/626984/pro_driver_handbook.pdf) (22 September 2022).

requirements, it also outlines good driving habits, winter driving techniques, vehicle weights and dimensions, trip inspections to ensure a vehicle's roadworthiness (i.e., fluid levels, steering systems, lights, suspension, tires, secure load), and dangerous goods transport.

In 2021–22, SGI licensed approximately 1,700 new Class 1 drivers. Our testing of 30 newly licensed commercial drivers found all drivers met the eligibility requirements. At May 2022, there were 61,784 commercial drivers licensed in Saskatchewan.

Setting adequate minimum requirements for Class 1 drivers helps to ensure they are held to a high standard of driving ability. High driving standards for Class 1 drivers are critical to the safety of all drivers considering the increased difficulty and danger when operating these vehicles.

## 4.2 Appropriate Training Program Established

SGI established appropriate Mandatory Entry-Level Training (MELT) program requirements to provide required knowledge and skills for new commercial drivers.

To improve standards for commercial driver training curriculum, and driver testing, SGI introduced MELT for new Class 1 drivers in March 2019. As of May 31, 2022, approximately 2,800 out of close to 62,000 class 1 drivers had taken MELT in Saskatchewan.

MELT covers a wide range of curriculum areas (e.g., basic driving techniques, professional driving habits, paperwork and regulatory requirements, vehicle inspection activities). It requires drivers to complete a minimum of 121.5 hours of combined in-class instruction (47 hours), in-yard training (17.5 hours), and behind-the-wheel driving experience (57 hours).<sup>11</sup> Training schools deliver this training. Students pay the schools directly for MELT.

Class 1 drivers who received their licence prior to March 2019 (approximately 62,000 drivers at that time), were not required to complete the training program. Before SGI implemented MELT, drivers only had to pass written exams, a medical exam, and a road test. See **Figure 4** for further details related to the implementation of MELT.

**Figure 4—MELT Implementation Timeline**

Date	Training Requirements to Obtain Class 1 Driver's Licence
Prior to March 15, 2019	No training requirements. Need to pass Class 1 licence tests. Drivers with a Class 1 licence at March 15, 2019 do not need to complete MELT training to keep their licence ("grandfathered").
March 15, 2019 to March 1, 2020	New Class 1 drivers require MELT. Drivers wanting to receive agricultural "F" endorsement (operate semi-trucks in agricultural operations) did not require training and only allowed to travel in province.
March 1, 2020 to March 1, 2021	Drivers wanting to receive "F" endorsement required to take 40 hours of commercial driver training in addition to passing Class 1 tests. Drivers with the "F" endorsement restricted to only drive farm vehicles normally requiring a Class 1 licence within a 100-km radius of the address on the vehicle registration and only operate in Saskatchewan.
March 1, 2021 onward	The agricultural "F" endorsement eliminated for Class 1 vehicles. All drivers now require MELT to obtain a Class 1 licence. Drivers with existing "F" endorsements can apply their 40 hours of training toward the MELT training requirements (121.5 hours of formal training).

Source: [www.sgi.sk.ca/news?title=mandatory-training-coming-for-drivers-of-semis-used-in-agriculture-operations](http://www.sgi.sk.ca/news?title=mandatory-training-coming-for-drivers-of-semis-used-in-agriculture-operations) (12 September 2022).

<sup>11</sup> *Saskatchewan Professional Driver's Handbook – 2022*, p. 2, [www.sgi.sk.ca/documents/pro\\_driver\\_handbook.pdf](http://www.sgi.sk.ca/documents/pro_driver_handbook.pdf) (22 September 2022).





We found SGI's MELT requirements consistent with the requirements set in other provinces in Canada that implemented MELT (e.g., curriculum areas, hours of training required for each curriculum area).<sup>12</sup>

We also found SGI's MELT requirements consistent with the National Safety Code that sets national standards for commercial driver entry-level training.<sup>13</sup> For example, SGI's requirements exceed the required training hours (e.g., SGI requires 51.25 hours for the basic driving techniques component compared to 42.5 hours required in the national standard).

SGI continues to look for ways to improve the MELT program to ensure it remains effective in educating commercial drivers. SGI received feedback on the MELT program from training schools and the Class 1 Advisory Group made up of Class 1 driver instructors, representatives from local trucking companies, and a member each from the Saskatchewan Highway Patrol and the Saskatchewan Trucking Association. This feedback led to an update to the MELT instructor manual in 2021.

Having an appropriate training program in place increases the ability of new commercial drivers when operating semi-trucks. Increased ability lowers the risk of collisions for all drivers in Saskatchewan.

### 4.3 Training Schools and Instructors are Certified and Monitored

SGI has adequate processes to certify and monitor MELT schools and school instructors.

SGI certifies both MELT schools and instructors providing training in Saskatchewan. SGI created two levels of instructor, an apprentice instructor and a senior instructor. To become an instructor, SGI requires the individual to become an apprentice prior to qualifying as a senior instructor. See **Figure 5** for SGI's requirements for schools and instructors to become MELT certified.

**Figure 5—Requirements for Training Schools and Instructors to Become MELT Certified**

Category	Requirements
MELT Certified School	<p>A school must have:</p> <ul style="list-style-type: none"><li>• At least one certified senior instructor on staff</li><li>• A facility with a classroom</li><li>• A yard large enough to complete the in-yard training, including backing up</li><li>• A semi-powered unit (semi-truck) with a 13-speed transmission</li><li>• Mechanically sound vehicle meeting all applicable safety standards by law</li><li>• Insurance on the vehicle</li></ul>
Apprentice Instructor	<p>An individual must:</p> <ul style="list-style-type: none"><li>• Complete a 3-day training course</li><li>• Observe a senior instructor giving instruction for 40 hours</li><li>• Give instruction for 40 hours under observation by a senior instructor</li><li>• Complete a written exam for each MELT module</li><li>• Successfully complete the MELT final exam</li><li>• Complete an apprentice instructor assessment with SGI Driver Education and Training Branch</li></ul>

<sup>12</sup> As of July 31, 2022, British Columbia, Alberta, Manitoba, Ontario, and the Northwest Territories require their semi-truck drivers to complete MELT.

<sup>13</sup> *National Safety Code for Motor Carriers*, Standard 16: Commercial Truck Driver Entry-Level Training (Class 1), [ccmta.ca/en/national-safety-code#nsc-standards](https://ccmta.ca/en/national-safety-code#nsc-standards) (16 November 2021).

Category	Requirements
Senior Instructor	<p>An individual must:</p> <ul style="list-style-type: none"> <li>• Have completed one year as an apprentice instructor</li> <li>• Have completed an 8-day course on instruction</li> <li>• Complete a certified (senior) instructor assessment with SGI Driver Education and Training Branch</li> </ul>

Source: SGI website and information provided by SGI.

At July 2022, Saskatchewan had 27 certified training schools and 100 certified school instructors providing MELT. The cost of the training varies depending on the school.

Once a school becomes certified, SGI requires the school to renew its certification every two years. As part of the renewal process, SGI requires the school to provide certain information such as a list of its instructors, proof of liability insurance, and a vehicle listing including proof of vehicle registrations. SGI utilizes this information to assess whether schools still meet its requirements.

SGI also conducts an on-site review of each school approximately once every two years. We consider this interval reasonable. During these on-site reviews, SGI monitors the record keeping (e.g., student records for those who took MELT), as well as observes the yard and classroom to make sure the school continues to meet MELT standards. SGI has not found significant issues with training schools based on these on-site reviews and has not revoked any school's certification.

Our testing of six training schools and nine instructors showed that those training schools and instructors met the necessary requirements that SGI set.

We analyzed the history of driver records for commercial drivers who received MELT from various training schools since 2019. We compared the average number of tickets and collisions from 2019 to 2022 per student from each of the MELT schools. We found that the average number of traffic tickets and collisions per licensed Class 1 drivers were generally consistent across all MELT schools, which seems to indicate the training provided across training schools is consistent.

Having adequate processes to certify and monitor schools and instructors ensures commercial drivers obtain appropriate and standardized instruction. Comprehensive instruction improves the likelihood that Class 1 drivers will operate their vehicles safely, which improves road safety.

## 4.4 Confirmation of Examiner Qualifications Needed

SGI does not keep sufficient records to confirm its Class 1 driver examiners have met the established requirements.

One requirement new Class 1 drivers must meet is passing a Class 1 road test. SGI administers these road tests using its own Class 1 driver examiners, about 45 examiners in total. SGI sets requirements for the Class 1 driver examiner, including holding a Class 1 licence, receiving specific training, observing, and being observed by, an experienced Class 1 examiner in the operation of a semi-truck. SGI set these requirements to ensure examiners evaluate each driver on a consistent basis.



For 13 of the Class 1 driver examiners we tested, SGI provided evidence that all individuals had a Class 1 licence. However, SGI did not have support confirming the examiners completed specific training or other requirements (e.g., observations completed). Management indicated SGI informally confirms this information with the experienced Class 1 examiner before scheduling new examiners to perform Class 1 road tests.

SGI indicated it is in the process of formalizing a process to track examiners' requirements and observations completed by experienced examiners.

Properly licensing qualified commercial drivers improves overall road safety. Not having support to verify that Class 1 examiners met requirements increases the risk that an examiner is not adequately qualified to test Class 1 drivers.

1. **We recommend Saskatchewan Government Insurance sufficiently confirm Class 1 examiners met its requirements prior to conducting road tests with commercial drivers.**

## 4.5 Class 1 Drivers Educated on Responsibilities

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SGI adequately educates Class 1 drivers on their roles and responsibilities as drivers, and the consequences for non-compliance.

SGI uses MELT to educate Class 1 drivers on their roles and responsibilities. SGI also clearly sets the roles and responsibilities for Class 1 drivers in its *Saskatchewan Professional Driver's Handbook* (e.g., good driving habits, winter driving skills, vehicle weights and dimensions, vehicle condition, trip inspections for vehicle roadworthiness, transporting dangerous goods).<sup>14</sup>

When a Class 1 driver is non-compliant with driving laws (e.g., speeding, running a red light) or involved in a collision, SGI utilizes its Driver Improvement Program to educate the driver on their responsibility to drive safely. See **Section 4.7** for further discussion on the Program.

Class 1 drivers have the same responsibilities as all classes of drivers when involved in a collision. SGI documents the steps, outlined on its website, a driver must take in reporting a collision.

Adequately educating Class 1 drivers on their roles and responsibilities and the consequences of non-compliance helps Class 1 drivers meet those responsibilities.

## 4.6 Monitoring Compliance with Ongoing Medical Requirements

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SGI appropriately monitors compliance with ongoing medical requirements for commercial drivers.

SGI requires Class 1 drivers to submit a *Commercial Driver's Licence Medical Report* at designated intervals based on their age. See **Figure 6** for the intervals. This requirement is consistent with the National Safety Code.

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<sup>14</sup> *Saskatchewan Professional Driver's Handbook – 2022* (22 September 2022).

**Figure 6—Medical Reporting Requirements by Driver Age**

Driver Age Range	Interval
18–45 years of age	Five Years
46–65 years of age	Three Years
66 years of age or older	Yearly

Source: *Saskatchewan Professional Driver's Handbook* (May 2022 edition), p. 14.

SGI requires that a medical practitioner (e.g., physician, nurse practitioner, occupational therapist, optometrist, etc.) complete these reports. Medical practitioners are required to report to SGI information about drivers who, in the opinion of medical practitioners, suffer from a condition(s) that may make it dangerous for that person to operate a commercial vehicle. For example, conditions related to vision, hearing loss, cardiovascular (e.g., heart problems), respiratory (e.g., sleep disorder), or psychiatric health (e.g., severe depression).

If commercial drivers are unable to provide a satisfactory medical report by the required timeframe, SGI will reduce their licence from a Class 1 driver to a Class 5 driver. The driver can have their licence upgraded without retesting if they are able to provide a satisfactory medical report within five years.

SGI uses its IT system to track all medical requirements for commercial drivers. This includes setting appropriate deadlines for drivers to submit their medical forms, providing letters informing drivers of deadlines, and taking actions for those who do not submit required forms.

Our testing of 32 Class 1 drivers showed all individuals had appropriate deadlines set for medical form submissions and SGI took necessary corrective action when a driver did not submit a satisfactory medical report by the deadline.

Four of the 32 individuals tested had not submitted their medical form by the deadline. For all four of these individuals, SGI properly recorded them as non-compliant in its IT system and reduced the driver's licence to a Class 5 until a satisfactory medical form was submitted. SGI also sent a letter to the driver informing them of this action.

Adequately monitoring compliance with ongoing medical requirements for commercial drivers reduces the risk of having drivers unable to safely operate a Class 1 vehicle on the road.

## 4.7 Enforcement Activities Adequately Applied to Commercial Drivers

SGI tracks infractions by drivers and applies appropriate enforcement action based on a driver's infractions. This applies to all Saskatchewan drivers including commercial drivers.

SGI created the Driver Improvement Program to track infractions (e.g., speeding, running red lights, distracted driving) incurred by drivers. The Program assigns a specific number of demerit points for each infraction (e.g., 1 point for a U-turn at lights, 6 points for at-fault collisions), which is recorded against a driver's record. When the driver accumulates a certain level of points SGI enforces penalties as summarized in **Figure 7**.

**Figure 7—Driver Penalties**

Penalty	Demerit Points
Program Information Letter	9 or more points
Warning Letter	12 or more points
Defensive Driving Course	15 or more points
Driver Improvement Training	18 or more points
30-day Licence Suspension	21 or more points
90-day Licence Suspension	24 or more points
180-day Licence Suspension	27 or more points
Driver Improvement interview and penalty	30 or more points
SGL manual review and penalty	33 or more points

Source: [www.sgi.sk.ca/experienced-driver-improvement](http://www.sgi.sk.ca/experienced-driver-improvement) (28 September 2022).

SGL uses its IT system to track all drivers' infractions and send automated enforcement action requirements to drivers based on those infractions. The system receives infraction information directly from the Ministry of Justice and Attorney General and at-fault collision information from SGL's claims records through daily uploads. The system sends letters to the driver to inform them of the necessary penalty based on their demerit points. SGL, using its system, also takes corrective action if the driver does not take the necessary steps outlined in the letter (e.g., suspending a licence if a driver does not complete enforcement action within a set time).

The last two stages of penalties require SGL staff to review the driver's history manually in order to set the most appropriate penalties for each driver's situation. In the interview stage, SGL staff meet with the driver to get a better understanding of their history and root cause of the incidents in order to select the best course of action (i.e., penalty) targeted toward the driver's unsafe driving habits. For manual reviews, SGL assesses the driver's history for any subsequent incidents to establish the most appropriate penalty based on each driver's situation.

Our testing of 37 Class 1 drivers with infractions found that SGL took appropriate enforcement action in all cases. For example, one of the drivers we tested received 32 points for infractions occurring over approximately 40 months. This driver received a program information letter and was required to complete a defensive driving course and a driver improvement-training course.

**Figure 8** shows the three most common tickets for Class 1 drivers. The majority of tickets received by Class 1 drivers is for exceeding the speed limit. We found since MELT, the types of violations have not significantly changed, which means there may be a benefit to providing additional emphasis during the training program on driving with due care.

**Figure 8— Most Common Tickets Class 1 Drivers Received From 1995 to 2022**

Ticket type	Percentage of tickets
Exceed speed limit	52%
Driver failure to wear seatbelt	9%
Failure to stop	4%

Source: Adapted from data obtained from SGL's Auto Fund System.

On an annual basis, SGI conducts trend analysis of driver infractions and collisions in the traffic collision reports, available to the public on SGI's website. These reports highlight the factors involved in collisions, including those involving human factors (e.g., driver non-compliance). This annual report provides valuable information to SGI in determining human causes of collisions to make necessary changes to driver behaviour through targeted programs.

Applying appropriate enforcement action against unsafe drivers discourages unsafe driving, which can improve road safety.

## 4.8 Periodic Evaluation of Mandatory Entry-Level Training Effectiveness Needed

SGI has not finalized an evaluation of the MELT program, which has been in place since 2019. It is important to complete further evaluation to consider whether program adjustments are necessary based on program data.

Management indicated it developed a plan to evaluate MELT after implementation. We found SGI's plan was to complete preliminary evaluation analysis in 2020 (i.e., one year after implementing MELT) and further evaluation in 2022 (i.e., three years after implementing MELT).

As of July 31, 2022, SGI was in the process of finalizing its three-year evaluation of the MELT program. We observed its analysis included detailed evaluation of driver infractions and collisions, comparing driver histories of those who attended MELT and those who did not complete the MELT program, as they earned their Class 1 licence prior to MELT becoming a requirement. SGI's evaluation utilized the evaluation criteria it developed upon MELT implementation. We observed SGI drafted its report; it was still under review by management prior to approval.

Management indicated three years of program data was not enough to conduct all of the analysis warranted to conclude fully on program effectiveness and to determine whether program adjustments are required. Its evaluation plan did not include when it planned to complete further analysis. Management indicated it planned to repeat its 2022 evaluation work again in 2023.

However, by not having fully completed an evaluation of the effectiveness of recently implemented MELT requirements, SGI does not know whether its new commercial driver training program is accomplishing its intended objectives. In addition, SGI cannot compare the program success in Saskatchewan to similar programs in other provinces to identify potential areas of improvement. This program is in the infancy stage in both Saskatchewan and other provinces, so there is currently limited evaluation in other provinces too.

The National Safety Code indicates a need for ongoing evaluation of the MELT program to ensure integrity and validity of curriculum and standard elements.<sup>15</sup> This supports that SGI also needs to establish timeframes for periodic evaluation of MELT. Having an ongoing MELT program evaluation allows for the comparison to other jurisdictions, determination of program success, and identification of areas for improvement.

<sup>15</sup> *National Safety Code for Motor Carriers*, Standard 16: Commercial Truck Driver Entry-Level Training (Class 1), [ccmta.ca/en/national-safety-code#nsc-standards](https://ccmta.ca/en/national-safety-code#nsc-standards) (16 November 2021).



**2. We recommend Saskatchewan Government Insurance periodically evaluate effectiveness of mandatory entry-level training for commercial drivers.**

Informally, as part of SGI's membership in the Canadian Council of Motor Transport Administrators (CCMTA), SGI actively discusses trends in non-compliance for commercial drivers with other provinces. Management indicated these discussions included the formal evaluation of the MELT program in another jurisdiction.

We reviewed commercial driver data and found the following: the number of driver violations (tickets) decrease when commercial drivers take Class 1 mandatory entry-level training and gain years of driving experience.

As seen in **Figure 9**, commercial drivers who completed MELT had, on average, fewer tickets in the first year of having their licence compared to drivers who did not take MELT. Although, there was no difference in average collisions for commercial drivers who took MELT to those who did not take MELT in their first year of driving.

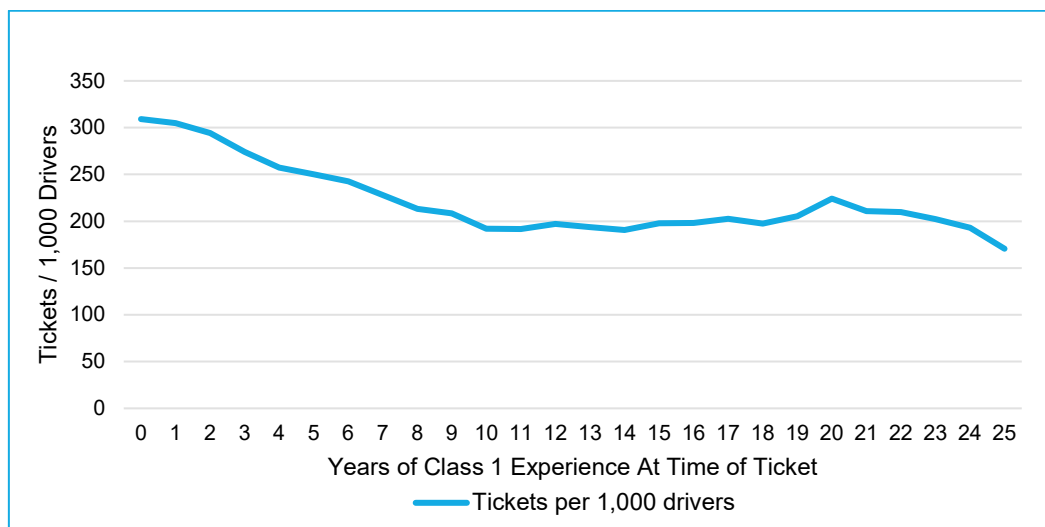
**Figure 9—Driving Record in First Year of Having Commercial Driver's Licence**

Drivers	Average Tickets/Driver in First Year	Average Collisions/Driver in First Year
Drivers who took MELT (2019 to 2022)	0.55	0.06
Drivers who did not take MELT (1998 to 2022)	0.62	0.06

Source: Adapted from data obtained from SGI's Auto Fund System.

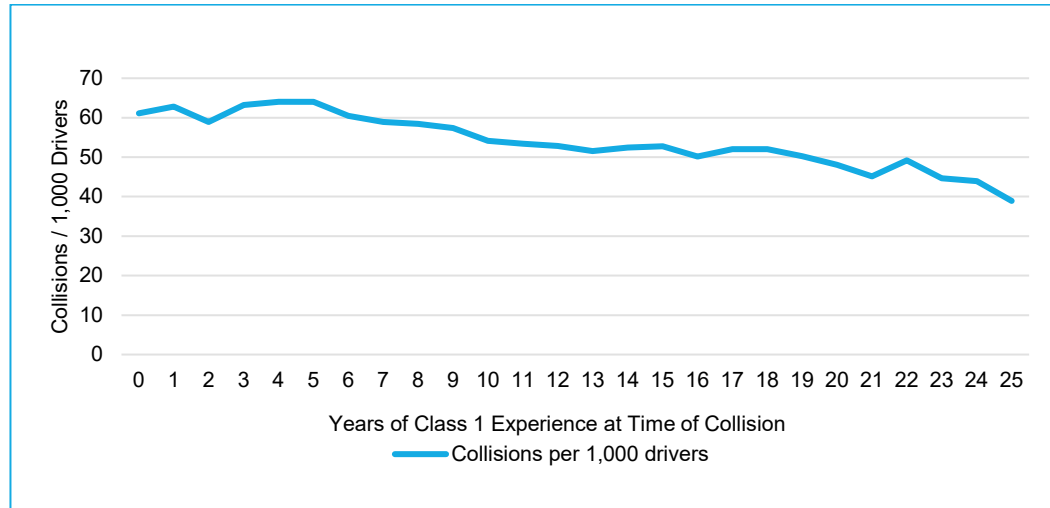
**Figure 10** and **Figure 11** show, based on our review of the data, as commercial drivers gain years of driving experience their likelihood of receiving traffic tickets and being involved in a collision decreases. This indicates it is important to have training at the onset of driving, as this is the stage where Class 1 drivers incur the most infractions (i.e., traffic tickets) and collisions.

**Figure 10—Average Tickets Incurred in Each Year of Class 1 Driving Experience for Class 1 Drivers for Summary Offence Tickets from 1995–2022**



Source: Adapted from data obtained from SGI's Auto Fund System.

**Figure 11—Average Collisions Incurred in Each Year of Class 1 Driving Experience for Class 1 Drivers for Collisions from 1998–2022**



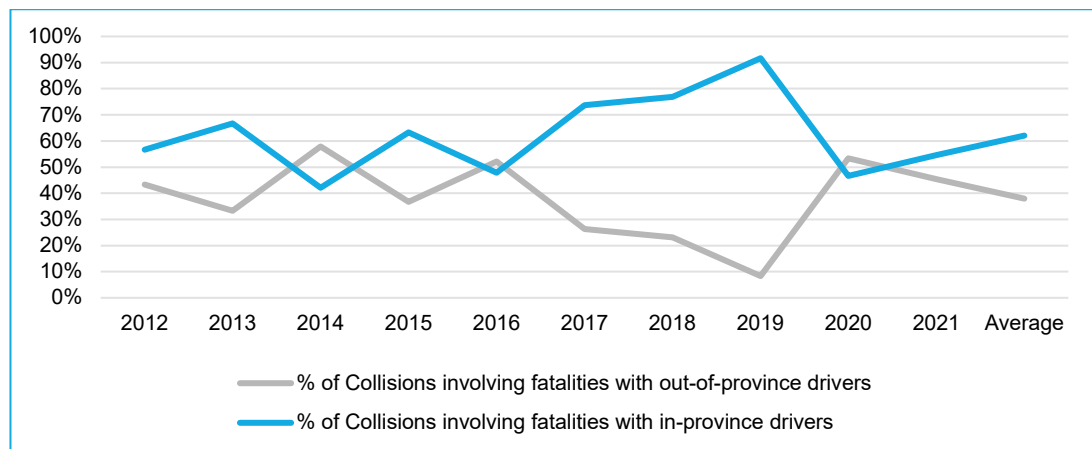
Source: Adapted from data obtained from SGI's Auto Fund System.

Out-of-province licensed Class 1 drivers is one limitation to the effectiveness of SGI's commercial driver safety program.

SGI cannot require all commercial drivers driving on Saskatchewan roads to complete a MELT program (or comparable training). This is because not all jurisdictions require similar MELT programming (e.g., Nova Scotia, Quebec). Commercial drivers often drive through numerous provinces and states other than their home jurisdiction where they received their licence.

As seen in **Figure 12** and **Figure 13**, a portion of collisions in Saskatchewan involve out-of-province commercial drivers. For example, **Figure 13** shows that for 2021, approximately 30% of collisions with injuries involving semi-truck drivers had drivers licensed in other jurisdictions. This emphasizes the importance of Saskatchewan continuing its involvement in establishing national standards through the CCMTA.

**Figure 12—Collisions Involving Fatalities with Out-of-Province Semi-Truck Drivers vs. In-Province Semi-Truck Drivers from 2012–2021**

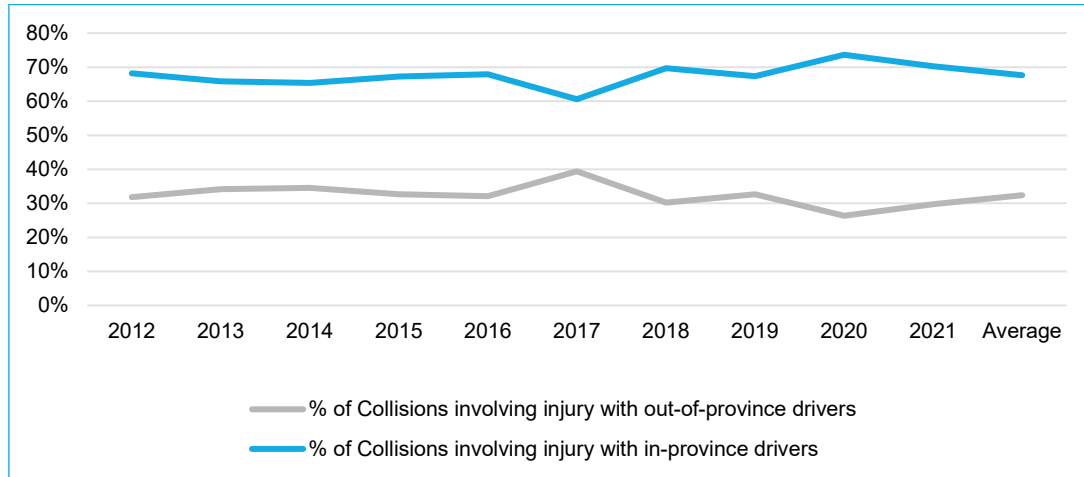


Source: Traffic Collision Statistics yearly reports and internal SGI data. Data does not indicate which driver was at fault.





**Figure 13—Collisions Involving Injury with Out-of-Province Semi-Truck Drivers vs. In-Province Semi-Truck Drivers from 2012–2021**



Source: Traffic Collision Statistics yearly reports and internal SGI data. Data does not indicate which driver was at fault.

## 4.9 Few Complaints Received Related to Class 1 Drivers and MELT

SGI does not have a formalized process for all departments to track how it addresses complaints it receives related to Class 1 drivers and MELT; however, SGI indicated it receives very few complaints related to Class 1 drivers and MELT.

When SGI receives complaints related to Class 1 drivers and MELT, it directs each complaint to the appropriate department within SGI that is responsible for investigating and following up on these complaints and inquires. For example, the Driver Education and Training department manages complaints related to training schools or instructors, while the Driver Programs department follows up on inquiries or complaints about the medical requirements for Class 1 drivers.

If the complaint falls outside of SGI responsibility, for example an immediate and pressing concern of driving behaviour, SGI directs the complainant to law enforcement as the appropriate authority.

Management indicated SGI receives very few complaints related to Class 1 drivers and MELT. Good practice would expect SGI to develop a process outlining the actions staff should take for the complaints it receives. SGI's Fair Practice Office, the department that receives and tracks complaints related to all SGI business, indicated they have not received many complaints related to Class 1 drivers and MELT. Should the number of complaints received increase, having a formalized process would be more important.

## 5.0 SUMMARY OF DRIVER'S LICENCE CLASSES

Class Type	Permits the Licence Holder to Operate
Class 1	Power units and semi-trailers, and trucks which have a trailer(s) or vehicle(s) in tow where the gross weight of the towed unit(s) exceeds 4,600 kg
Class 2	Buses having a seating capacity in excess of 24 passengers, while carrying a passenger or passengers
Class 3	Trucks with more than two axles, except trucks registered in Class F, <sup>A</sup> and trucks with more than two axles which have a trailer(s) or vehicle(s) in tow, except trucks registered in Class F, where the gross weight of the towed unit(s) does not exceed 4,600 kg
Class 4	Buses that have a seating capacity of not more than 24 passengers, when transporting passengers, ambulances, taxis
Class 5	Cars, vans, two-axle trucks, two-axle vehicles having a trailer(s) or vehicle(s) in tow where the gross weight of the towed unit(s) does not exceed 4,600 kg, buses when not transporting passengers, three-axle motorhomes

Source: adapted from [www.sgi.sk.ca/handbook/-/knowledge\\_base/drivers/classified-licence-system](http://www.sgi.sk.ca/handbook/-/knowledge_base/drivers/classified-licence-system) (30 September 2022).

<sup>A</sup> Class F registered vehicles are those used for farm purposes (e.g., light trucks [1/4-ton, 1/2-ton, 3/4-ton and 1-ton units], heavy trucks [greater than 1-ton], trailers, heavy vans [greater than 1-ton], power units).

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## Chapter 12

# Saskatchewan Health Authority—Filling Hard-to-Recruit Healthcare Positions

### 1.0 MAIN POINTS

In the event the Saskatchewan Health Authority does not have staff available to deliver needed healthcare services, disruptions occur. Healthcare is an industry in which staffing deficiencies can mean life or death.

We assessed the Authority's processes to fill hard-to-recruit healthcare positions.

At March 2022, the Authority anticipates over 2,000 staff shortages in hard-to-recruit positions across the province over the next five years, which includes about 840 continuing care assistants, 520 registered nurses, and 180 medical laboratory technicians. However, the Authority's staffing gap analysis does not specifically identify which facilities or locations in the province will experience the largest shortages; our analysis found the Authority expects to need 700 staff alone in Prince Albert, Meadow Lake and La Ronge over the next five years.

Filling these positions can be a daunting task as the healthcare sector faces a nationwide shortage of qualified nurses and other healthcare professionals. Many of the hard-to-recruit positions are not in sufficient supply from post-secondary institutions for the Saskatchewan healthcare sector in the future. Further, the Authority has difficulty recruiting staff in rural and remote areas, particularly in northern Saskatchewan, and will need to tailor its plans appropriately.

Some new initiatives the Authority is undertaking to address staffing shortages for hard-to-recruit positions include international recruitment of 150 staff from the Philippines, and working with the post-secondary sector to increase the number of certified candidates graduating from nursing programs each year. However, training more nurses will not have an immediate impact on staffing shortages. Retaining existing staff is needed to help the Authority address staffing shortages in the short-term. The Authority will have to do more to address the total anticipated staffing gap for hard-to-recruit positions soon.

We found the Authority needs to:

- Implement and monitor the success of targeted plans to fill hard-to-recruit positions with significant gaps—increasing the likelihood of finding the right people for the job in the right locations, and limiting the impact on services
- Determine the optimal supply of new graduates to help address staffing shortfalls and whether post-secondary training seats purchased out of province are a successful recruitment strategy
- Establish a First Nations and Métis recruitment and retention plan—providing an opportunity to create a diverse workforce and help to fill the supply gap for hard-to-recruit positions, especially in northern Saskatchewan



- Centrally analyze results from staff exit interviews—understanding why staff leave hard-to-recruit positions can help to identify necessary changes to retention strategies
- Assess whether student clinical placements are a successful recruitment strategy for hard-to-recruit positions

Successful recruitment and retention of key staff is a significant factor toward providing quality healthcare services, and meeting staffing demand. Having staff shortages for a long period can contribute to work overload and staff burnout. The Authority needs to determine ways to increase its supply of hard-to-recruit staff in order to fill significant staffing shortages, and ensure it fosters working conditions that encourage staff to stay, especially in roles where it needs them most.

## 2.0 INTRODUCTION

Hard-to-recruit healthcare positions include those jobs responsible for directly delivering healthcare services where the Authority experienced difficulty in recruiting and retaining staff with the competencies required for the role. Our audit did not include physicians or positions responsible for administration at the Authority.

### 2.1 Authority's Responsibility

The Saskatchewan Health Authority is responsible for planning, organizing, delivering, and evaluating healthcare services within the province. Under *The Provincial Health Authority Act*, the Authority is responsible for engaging the services of any person in order to carry out its work.<sup>1</sup>

The Authority employs over 40,000 staff (including physicians) to deliver healthcare services, some part-time and some full-time. At March 31, 2022, the Authority had 34,136 full-time equivalent (FTE) staff (2021: 34,292) located throughout the province (excluding physicians).<sup>2</sup>

The majority of the Authority's staff belong to one of five unions with more than 50% of its unionized staff being nurses.<sup>3</sup> Three of the five unions break into several bargaining units based on the location of the staff position in former health regions across the province (overall, 14 separate bargaining units).<sup>4</sup> The Authority must abide by the terms of each specific union employment contract for each staff position.

The Authority's human resources department is responsible for recruiting the Authority's 35,000+ workforce (not including physicians), and for executing retention strategies. It routinely hires, organizes staff orientations, provides training opportunities, and administers benefit plans for staff.

<sup>1</sup> *The Provincial Health Authority Act*, s. 4-3(2)(e).

<sup>2</sup> Full-time equivalent (FTE) is a unit indicating the workload of an employed person in a way that makes workloads comparable across various contexts. A FTE of 1.0 is equivalent to a full-time worker while an FTE of 0.5 signals half of a full workload.

<sup>3</sup> The five unions include Saskatchewan Union of Nurses, Canadian Union of Public Employees, Health Sciences Association of Saskatchewan, Service Employees International Union – West, and Saskatchewan Government and General Employees Union.

<sup>4</sup> Twelve former health regions amalgamated into one, the Saskatchewan Health Authority, effective December 4, 2017.

## 2.2 Authority Vacancy Rates

In an attempt to lessen staff turnover and increase retention rates, the Saskatchewan Health Authority monitors vacancy rates.

The vacancy rate refers to the rate of job openings. It indicates the percentage of unfilled positions compared to the total number of positions in an organization.

The Authority considers chronic vacancies as those positions vacant for more than 90 days. Having staff shortages for a long period can contribute to work overload and burnout among the remaining staff.

Overall vacancy rates for the Authority's healthcare positions (not including physicians) as of March 31, 2022, varied across the province. The highest overall vacancy rate was in the northwest part of the province, with a chronic vacancy rate of 3.9% (see **Figure 1**). In addition, the Authority's overall vacancy rates more than doubled since 2019 (see **Figure 2**). The Authority indicated an increase in the number of permanent and temporary positions (full-time and part-time) because of the COVID-19 pandemic, starting in 2020, contributed to the increase in overall vacancy rates.

**Figure 1—Saskatchewan Health Authority Overall Vacancy Rates by Area at March 31, 2022**

Area	Chronic Vacancy Rate (>90 days)	Short-Term Vacancy Rate (<90 days)	Overall Vacancy Rate
North East	3.0%	2.6%	5.6%
North West	3.9%	2.5%	6.4%
Regina	0.0%	5.4%	5.4%
Saskatoon	1.0%	3.7%	4.7%
South East	2.1%	2.1%	4.2%
South West	2.5%	2.2%	4.7%
<b>Total</b>	<b>1.6%</b>	<b>3.5%</b>	<b>5.1%</b>

Source: Adapted from information provided by the Saskatchewan Health Authority. The Authority defines chronic vacancies as those positions advertised publicly (posted) and vacant for greater than 90 days. Short-term vacancies are those positions posted and vacant between 31 and 90 days. The overall vacancy rate includes chronic vacancies, short-term vacancies, and any positions that have been vacant between 31 and 90 days that have not been posted.

**Figure 2—Saskatchewan Health Authority Vacancy Rates Since 2019**

Year	Chronic Vacancy Rate (>90 days)	Short-Term Vacancy Rate (<90 days)	Overall Vacancy Rate
2019	0.5%	1.6%	2.1%
2020	0.5%	1.4%	1.9%
2021	0.8%	2.2%	3.0%
2022	1.6%	3.5%	5.1%

Source: Adapted from information provided by the Saskatchewan Health Authority. The data includes vacancies for permanent and temporary full-time and part-time positions at March 31.



## 2.3 Hard-to-Recruit Positions

The Saskatchewan Health Authority publishes its listing of hard-to-recruit positions on its website. **Figure 3** lists 31 hard-to-recruit positions identified by the Authority, with eight positions deemed hard-to-recruit because the vacancy is located in either rural or northern Saskatchewan.

**Figure 3—Saskatchewan Health Authority Hard-to-Recruit List as of March 2022**

Assistant Cook (Rural and North positions only) <sup>A</sup>	Medical Radiation Technologist
Audiologist	Medical Resonance Imaging Technologist
Cardiology Pulmonary Function Technologist	Nuclear Medicine Technologist
Cardiology Technologist	Nurse Practitioner
Cardiovascular Technologist	Occupational Therapist
Combined Laboratory and X-Ray Technologist	Perfusionist
Continuing Care Assistant (Rural and North positions only) <sup>A</sup>	Pharmacist
Cook (Rural and North positions only) <sup>A</sup>	Pharmacy Technician
Clinical Genetics Technologist	Physical Therapist
Diagnostic Cardiac Sonographer	Public Health Inspector (Rural and North positions only) <sup>A</sup>
Diagnostic Medical Sonographer	Speech-Language Pathologist
Electroneurophysiology Technologist	Psychologist (Masters and PhD)
Emergency Medical Technician (Rural and North positions only) <sup>A</sup>	Registered Nurse (Rural and North positions and speciality areas only) <sup>A</sup>
Health Information Management Practitioner	Registered Psychiatric Nurse (Rural and North positions only) <sup>A</sup>
Licensed Practical Nurse (Rural and North positions only) <sup>A</sup>	Respiratory Therapist
Medical Laboratory Technologist	

Source: [www.saskhealthauthority.ca/careers-volunteering/careers/hard-recruit-opportunities](http://www.saskhealthauthority.ca/careers-volunteering/careers/hard-recruit-opportunities) (3 August 2022).

<sup>A</sup> The Authority defines rural and north positions as those positions not located in either Regina or Saskatoon.

The Authority recognizes some positions are hard-to-recruit for various reasons. For example, some are in-demand positions such as respiratory therapists, pharmacists, medical laboratory technologists, and/or are located in rural or remote areas of the province. Other in-demand positions, such as registered nurses, generally have higher turnover rates in Canada. Typically, there is a limited supply of potential staff with the required skill sets to fill these positions in the desired location.

## 3.0 STAFF—A VALUABLE RESOURCE IN THE HEALTH SECTOR

Staff represent the single greatest asset, and cost, to the healthcare system. In 2021–22, the Saskatchewan Health Authority paid \$2.97 billion (2020–21: \$2.83 billion) in salaries and benefits, excluding payments to physicians. Payroll represents about 60% of the Authority's total expenses.<sup>5</sup>

<sup>5</sup> Saskatchewan Health Authority Annual Report to the Legislature 2021–22, p. 75.

The Authority's ability to deliver cost-effective healthcare services depends on its ability to attract and retain staff on a long-term basis. Not having qualified staff in the right place at the right time can negatively impact the care patients receive. Recruitment strategies bring staff into the organization, retention strategies help to keep them there.

According to Statistics Canada's *First Quarter 2022 Labour Force Report*, high labour demand in the healthcare and social assistance sector, intensified by the COVID-19 pandemic, continued to push the number of job vacancies up in this sector across the country. Almost 70% of overall vacancies in healthcare positions across the country in the first quarter of 2022 related to nurse aides and patient service associates, registered nurses and registered psychiatric nurses, and licensed practical nurses.<sup>6,7</sup> The pandemic significantly impacted the Authority's operations over the past two years, requiring it to respond immediately to certain staffing needs (e.g., through redeployment of staff, filling of additional positions). The pandemic also constrained the Authority's progress on filling a wide range of hard-to-recruit positions.

The nationwide shortage of qualified nurses and other healthcare professionals is caused by a few compounding factors, including the highest number of people nearing retirement in Canadian history.<sup>8</sup> As the country's baby boomers (i.e., those who were born between 1946 and 1965) age, and require more consistent or complex care, the demand in healthcare is expected to increase.<sup>9</sup>

The ability to recruit a qualified workforce and fill staff shortages within a reasonable time is critical. Delays in filling vacant positions presents a risk to the Authority's ability to fulfill its duties. For example, not having a perfusionist position filled as needed can impact the Authority's ability to conduct life-saving cardiac surgeries. A perfusionist's role is to operate the cardiopulmonary bypass machine during cardiac surgery to manage the patient's physiological status.

Also, working short-staffed can make it difficult for healthcare workers to meet the continuing care needs of acute and long-term care patients. Recently expressed concerns by healthcare workers in the media include those about nursing shortages and unbalanced workloads contributing to workers' stress and subsequent burnout.<sup>10</sup>

Retention strategies minimize the costs associated with frequent turnover, including loss of key skill sets, impacts on organizational capacity, and staff morale. Retaining qualified staff is more cost-effective than continually recruiting, training, and orienting new ones.

To provide Saskatchewan residents with access to health services they need, the Authority must anticipate the number and type of healthcare professionals required to provide those services, determine the current supply, and use its recruitment and retention programs to fill in gaps.<sup>11</sup>

<sup>6</sup> [www150.statcan.gc.ca/n1/daily-quotidien/220621/dq220621b-eng.htm](http://www150.statcan.gc.ca/n1/daily-quotidien/220621/dq220621b-eng.htm) (3 August 2022).

<sup>7</sup> [www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=1410035601](http://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=1410035601) (7 August 2022).

<sup>8</sup> [www150.statcan.gc.ca/n1/daily-quotidien/220427/dq220427a-eng.htm](http://www150.statcan.gc.ca/n1/daily-quotidien/220427/dq220427a-eng.htm) (9 August 2022).

<sup>9</sup> [www12.statcan.gc.ca/census-recensement/2021/as-sa/98-200-X/2021003/98-200-X2021003-eng.cfm](http://www12.statcan.gc.ca/census-recensement/2021/as-sa/98-200-X/2021003/98-200-X2021003-eng.cfm) (10 August 2022).

<sup>10</sup> [www.leaderpost.com/sponsored/news-sponsored/whats-being-done-to-address-saskatchewan-nursing-shortage](http://www.leaderpost.com/sponsored/news-sponsored/whats-being-done-to-address-saskatchewan-nursing-shortage) (16 August 2022).

<sup>11</sup> Auditor General of British Columbia, *An Independent Audit of the Recruitment and Retention of Rural and Remote Nurses in Northern B.C.*, February 2018, p. 43.





Healthcare is an industry in which staffing deficiencies can mean life or death. The health outcome for a patient (e.g., badly injured in a car accident) taken to a hospital emergency department lacking staff with key skill sets may be less positive than admitting a patient into a fully-staffed hospital. In addition, overtime costs incurred to cover vacant shifts not only increases the cost of healthcare service delivery, but increases the risk of medical errors.

## 4.0 AUDIT CONCLUSION

The Saskatchewan Health Authority had, for the 12-month period ended March 31, 2022, effective processes to fill hard-to-recruit healthcare positions, except the Authority needs to:

- Determine in which facility locations across the province it expects to have the most significant shortages of hard-to-recruit positions
- Implement targeted plans to address recruitment and retention for specific hard-to-recruit positions with significant gaps
- Enhance its analysis of key information to measure whether recruitment and retention strategies (e.g., clinical placements, post-secondary training seats) are working for hard-to-recruit positions
- Develop and implement a First Nations and Métis recruitment and retention plan
- Centrally analyze and act on results from staff exit surveys for hard-to-recruit positions

Figure 4—Audit Objective, Criteria, and Approach

**Audit Objective:** To assess whether the Saskatchewan Health Authority had, for the 12-month period ended March 31, 2022, effective processes to fill hard-to-recruit healthcare positions.

Healthcare positions do not include physicians or positions responsible for administration at the Authority.

**Audit Criteria:**

Processes to:

**1. Identify the hard-to-recruit positions**

- Establish future human resource needs (e.g., positions needed by healthcare facility based on services to be provided, projected attrition rates)
- Assess current state of human resources against forecasted future needs
- Determine gaps in key positions
- Assess which key positions with gaps will be hard-to-recruit

**2. Create strategies to recruit and retain for hard-to-recruit positions**

- Maintain plans (e.g., incentives, train, fly-in service, contract) for hard-to-recruit positions with projected gaps
- Implement recruiting practices (e.g., student sourcing, flexible scheduling)
- Utilize retention initiatives (e.g., continued education, supportive clinical supervision, employee surveys)

**3. Monitor effectiveness**

- Collect key staff hiring and turnover data (for hard-to-recruit positions, overall, by location/position)
- Analyze key data to identify successes of strategies and root causes of issues, if any
- Modify strategies as needed

- Report regularly to senior management on root causes of staff shortages and plans to address issues

**Audit Approach:**

To conduct this audit, we followed the standards for assurance engagements published in the *CPA Canada Handbook—Assurance* (CSAE 3001). To evaluate the Saskatchewan Health Authority's processes, we used the above criteria based on our related work, review of literature, including reports from other auditors and consultations with the Authority's management. The Authority's management agreed with the above criteria.

We examined the Authority's policies, procedures, *Health Human Resource Plan 2022–2026*, and reports relating to recruitment and retention of employees to fill hard-to-recruit positions. We assessed the Authority's recruitment and retention processes by examining documentation and interviewing key Authority staff responsible for employee recruitment and retention. We also obtained other related documentation (e.g., purchases of inter-provincial training seats) from key stakeholders (e.g., Ministry of Health, Ministry of Advanced Education). We tested a sample of recruitment plans and job postings.

## 5.0 KEY FINDINGS AND RECOMMENDATIONS

### 5.1 Workforce Shortages Cause Service Disruptions

When the Saskatchewan Health Authority does not have staff available to deliver needed healthcare services, disruptions occur.

As of March 2022, the Authority's health services consisted of 2,500 acute care patient beds, and approximately 9,000 long-term care beds (not including those provided by contracted long-term care service providers—also known as healthcare affiliates who staff their own facilities).

The Authority posts service disruptions at various healthcare facilities across the province on its website.<sup>12</sup> Our analysis of the website found a couple of service disruptions in healthcare facilities as of July 2022 specifically due to healthcare staffing shortages.

The Kamsack Hospital did not have in-patient and emergency services available as of July 13, 2022, due to staffing shortages. As of January 2022, the Authority had eight registered nurse positions posted, but unfilled due to challenges with recruitment and retention, at the Biggar and District Health Centre. This resulted in the facility not having 24-hour emergency and acute care services available since January 9, 2022. As of August 2022, the Authority continued to have four vacant registered nurse positions at Biggar and District Health Centre, resulting in eight beds unavailable.

Both these communities have a population size around 2,000 people and serve numerous neighbouring communities in their greater areas.

Having an effective staffing plan and recruitment strategy in place can increase the likelihood of the Authority finding the right people for the job and limiting the impact on services. Maintaining appropriate staffing in healthcare facilities is essential to providing a safe work environment and safe patient care.

<sup>12</sup> [www.saskhealthauthority.ca/news-events/service-disruptions](http://www.saskhealthauthority.ca/news-events/service-disruptions) (3 August 2022).



## 5.2 Workforce Plan Recently Developed But Staffing Gaps By Facility Not Identified

The Saskatchewan Health Authority issued its *Health Human Resource Plan 2022–2026* (Plan) in June 2022. This is the first comprehensive workforce plan the Authority created since its inception in December 2017.<sup>13,14</sup> However, the Plan does not identify staffing gaps by facility location to assist in determining where the Authority needs hard-to-recruit staff most.

Typically, the process to develop a workforce plan would include:

- Conducting a current workforce assessment and potential workforce supply analysis
- Developing an assessment of an appropriate mix of healthcare skills to meet population health demand
- Conducting a gap analysis between supply and demand by service and location
- Creating solutions to reduce any gaps

Workforce planning helps to support having the right people with the right skills in the right locations at the right time. Plans need to continue to adapt and change as strategic priorities and needs change.

In March 2022, the Authority created its draft Plan for the period 2022–2026. The Authority issued it to senior staff in June 2022 and intends to release a summarized version to the public by fall 2022.

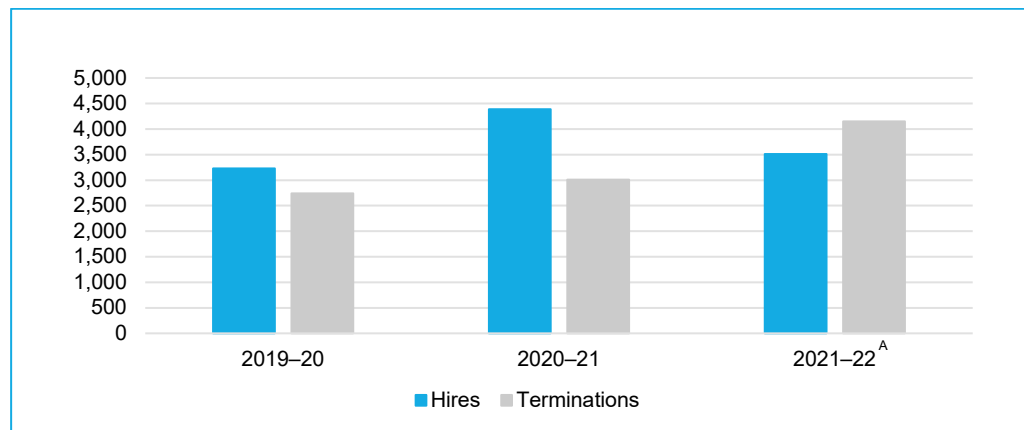
The Authority's Plan contains the major elements required of a workforce plan: supply, demand, gaps, and planned solutions. Further details on the solutions to address staffing gaps outlined in the Plan can be found in **Section 5.4**.

In the Plan, supply is based on current workforce plus expected workforce from new hires, international recruitment and new graduation hires. Demand includes current positions required, workforce required for new initiatives (e.g., urgent care centres), workforce lost by terminations, and current staff vacancies.

**Figure 5** shows the new hires and terminations the Authority experienced overall since 2019–20. In 2021–22, the Authority had about 3,500 new hires and over 4,100 terminations (both voluntary and involuntary). At March 31, 2022, the Authority had a vacancy rate of 5.1%, which means about 2,000 staff positions were unfilled overall.

<sup>13</sup> *The Provincial Health Authority Act*, came into effect on December 4, 2017, amalgamating 12 former health regions into one—the Saskatchewan Health Authority.

<sup>14</sup> In 2020, the Authority created a COVID-19 Workforce Plan focussing on stabilization of service areas impacted by public health orders and ensuring resourcing continued to be in place to support strategies and pressures (e.g., managing outbreaks, field hospitals).

**Figure 5—Overall Terminations and New Hires Since 2019–20**

Source: Adapted from information provided by the Saskatchewan Health Authority.

<sup>A</sup> The Authority indicated the increase in terminations during 2021–22 reflects its termination of casual employees who did not work for specific periods of time as specified by relevant collective bargaining agreements (i.e., these casual employees were no longer working for the Authority).

The *Health Human Resource Plan 2022–2026* includes a workforce supply and demand analysis for hard-to-recruit positions. The Authority expects about 765 staff in hard-to-recruit positions to terminate their positions with the organization each year, and will hire close to 1,100 new staff each year based on historical trends.

The Plan shows the Authority still has a shortfall in certain hard-to-recruit positions (see **Figure 6**) due to staff needed for new healthcare initiatives and current long-term staff vacancies. For example, the Authority anticipates it will be short about 840 continuing care assistants and 520 registered nurses over the next five years. The Authority indicated it expects its ability to address gaps annually (e.g., through workforce optimization, recruitment efforts) will affect its need for staff over the long-term.

According to the Authority, gaps in staffing capacity may be filled through part-time and casually employed staff choosing to work more hours, use of overtime, and reorganization of work. However, these staffing shortages may ultimately result in more service disruptions (see **Section 5.1**).

We assessed the Authority's Plan, and found it does not identify staffing gaps by healthcare facility location, which could help drive the recruitment and retention strategies required. For example, the Authority needs to conduct further work to understand and address how staff shortages impact health services at urban facilities compared to rural facilities. While we found the Authority has a tool (i.e., vacancy dashboard) to identify overall vacancies at regional levels across the province at a specific point in time, it does not assess expected vacancies in hard-to-recruit positions by facility location in the long-term.

We analyzed data the Authority used to support its Plan's gap analysis and found it estimates new initiatives (e.g., expansion of the Prince Albert Victoria Hospital and various long-term care services) will require over 700 additional staff in Prince Albert, Meadow Lake, and La Ronge over the next five years alone, but the Plan does not specifically address staffing gaps by facility locations. This presents a significant staffing challenge for the Authority, as it can be difficult to recruit staff to rural and remote areas, particularly in the north, and will require targeted plans.



An analysis of expected staffing gaps by facility location across the province would assist the Authority in determining where it needs staff most, and help it to prioritize and tailor its recruitment processes accordingly. Doing so should also help the Authority to minimize service disruptions to the public.

**1. We recommend the Saskatchewan Health Authority determine in which facility locations across the province it expects to have the most significant shortages of hard-to-recruit positions.**

Our review of the Authority's Plan identified other factors that could affect its staffing gap analysis. The Authority should consider incorporating the following factors when it updates the gap analysis included in its Plan:

- Population growth and aging population—not considering this can underestimate future demand for health services meaning the gaps may be much larger than projected. For example, 10% of Saskatchewan's population is nearing 70 years old or older meaning more people will seek long-term care or community care options.
- Continued expansions of post-secondary institutions' training seats and the supply of new graduates expected to help address shortfalls (see **Section 5.7**).

Almost all of the positions noted on the Authority's hard-to-recruit list require at least two years of post-secondary education while others require four or more years. In order to influence a sufficient supply of qualified applicants to meet its needs, the Authority needs to understand its needed supply and partner with related post-secondary institutions at least two to three years in advance of increased demand.

- Advances in technology, planned changes in healthcare service delivery, or union agreement changes in the upcoming years and their impact on workforce planning. Positions in the healthcare sector are often affected by changes in technology (e.g., virtual care, more advanced testing technology). Hard-to-recruit staff skills required five years ago may not be in demand now, and the Authority needs to plan for the skill sets it will require in the future.

Overall, the Authority's Plan is relatively comprehensive, but it will need continual assessment to update significant resourcing gaps, and adjust strategies to address the gaps.

### 5.3 Significant Gaps for Hard-to-Recruit Positions Identified

The Saskatchewan Health Authority determined which hard-to-recruit positions will have significant staffing gaps at a provincial level in the next five years.

The Authority's staff shortage is a result of demand exceeding supply. To develop an effective recruitment strategy, the Authority must focus on both present and future needs.

The Authority's internal *Health Human Resource Plan 2022–2026* included a projected five-year gap analysis of its workforce for specific positions that are also on the Authority's hard-to-recruit list (see **Figure 3**).

As shown in **Figure 6**, the Authority expects its largest staffing gaps in the next five years to be in the following three positions:

- Registered nurses or registered psychiatric nurses
- Continuing care assistants
- Medical laboratory technicians

These positions can have a significant impact on the ability to deliver healthcare services in hospitals and long-term care homes. For example, almost all patients entering a hospital require some laboratory tests generally conducted by medical laboratory technicians, one of the identified hard-to-recruit positions. Having insufficient medical laboratory technicians can impact the Authority's ability to complete these tests in a timely manner. The results of these tests are critical tools that aid healthcare staff in determining and providing the most appropriate patient care.

**Figure 6—List of Hard-to-Recruit Positions and Anticipated One-Year and Five-Year Gaps**

Position	Staff Gap 2022–23	Staff Gap in Five Years
Registered Nurse (RN) and Registered Psychiatric Nurse (RPN)	247	519
Continuing Care Assistant	64	841
Medical Laboratory Technician	28	177
Respiratory Therapist	26	94
Cook	22	66
Licensed Practical Nurse (LPN)	20	25
Physiotherapist	17	52
Psychologist	11	55
Cardiac and Diagnostic Sonographer (ultrasounds)	9	58
Pharmacist	8	40
Medical Radiation Technician	7	85
Speech-Language Pathologist	7	40

Source: Adapted from Saskatchewan Health Authority's *Health Human Resource Plan 2022–2026*, March 2022 and June 2022 versions.

The Plan does not clearly outline which areas of the province the Authority expects it will experience significant staffing gaps for hard-to-recruit positions. The Authority indicated that it has not yet completed an analysis of where the expected gaps are located (see **Recommendation 1**).<sup>15</sup>

The Authority's Plan provides a starting point to identify changes needed to reduce the total number of anticipated vacancies (just over 2,200 in the next five years) in its hard-to-recruit positions.

<sup>15</sup> We found the Authority periodically produced some information related to assessing gaps on an overall staff basis (e.g., turnover rate, retirement eligibility, movement of staff between departments), but could not easily prepare this information specifically for hard-to-recruit positions.



Some of the actions outlined in the Plan to help address the overall position gaps (including those for hard-to-recruit positions) include:

- Casual and temporary staff (e.g., registered nurses) securing permanent positions.

The Authority has a number of staff, including those in hard-to-recruit positions, who choose to work as casual staff instead of in a permanent full-time or part-time position. Casual staff can set their work hours by limiting their availability, giving them more control over their work life. As set out in **Figure 7**, the Authority experienced an increase in the number of staff moving to casual positions since 2019.

The Authority noted it hired many casual and temporary staff during the COVID-19 pandemic and it anticipates moving more staff into permanent positions in 2022–23 to secure more stable staff scheduling options.

**Figure 7—Overall Staff Movement from Full-Time or Part-Time to Casual Since 2019**

Calendar Year	Staff Moved to Casual
2019	311
2020	526
2021 <sup>A</sup>	1,146
2022 (five months ending May 2022)	788

Source: Adapted from information provided by the Saskatchewan Health Authority.

<sup>A</sup> According to the Authority's *Health Human Resource Plan 2022–2026*, in 2021, it used a staff mix of about 56% full-time, 30% part-time, and 14% casual staff.

- Expanding nursing seats to increase the number of certified candidates graduating from nursing programs each year (see **Section 5.7.2**).
- Internationally recruiting up to 150 future staff members in 2022–23 from the Philippines with an expectation they may be able to fill continuing care assistant, registered nurse, licensed practical nurse, and medical laboratory assistant positions once the new recruits meet Saskatchewan's regulatory requirements for these professions.<sup>16</sup>
- Targeted digital/social media recruitment campaigns.

A workforce plan must start with a vision for the future and outline some actions and strategies that aim to address future workforce gaps. The Authority's Plan does that, but it will need continual assessment to identify changes in resourcing needs, learn from unsuccessful actions, and incorporate new opportunities to further address staffing gaps.

Taking initiative to regularly analyze and forecast hard-to-recruit position needs against actual supply that is, and will be available, should help the Authority enhance and target its recruitment actions.

<sup>16</sup> In April 2022, the Government of Saskatchewan introduced *The Labour Mobility and Fair Registration Practices Act* to reduce barriers to working in the province to ensure skilled workers can have their skills and credentials recognized, while assisting employers in filling jobs across a number of key sectors, including healthcare. In addition, the Government plans to work with regulatory bodies to examine timeframes for registration application requirements and decisions, qualification assessment processes, and internationally-trained recognition pathways.

## 5.4 Recruitment and Retention Strategies Exist, But Targeted Plans for Hard-to-Recruit Positions Need Improvement and Implementation

The Saskatchewan Health Authority has broad recruitment and retention strategies for all healthcare positions, along with targeted plans for some of its hard-to-recruit positions. Its targeted plans lack consideration of certain key areas, such as varied sources of qualified staff and consideration of root causes of hard-to-recruit positions to help tailor its plans for these positions.

The Authority has generalized staff sourcing strategies for all healthcare positions in its *Health Human Resource Plan 2022–2026*. Some of these strategies address hiring gaps, as well as retention, for hard-to-recruit positions. These strategies include:

- Conducting virtual and in-person career fairs at Saskatchewan’s post-secondary institutions (the pandemic limited in-person activities in the past several years)
- Targeting advertising/social media recruitment campaigns on various platforms provincially, nationally and, in some cases, internationally
- Assessing whether pay and benefits align with current industry market (e.g., as part of collective bargaining process)
- Providing clinical placements in partnership with various provincial post-secondary institutions that allow students to gain the necessary, practical experience to complete their education (see **Section 5.6** for further discussion)
- Purchasing training seats from various post-secondary institutions (see **Section 5.7** for further discussion)
- Providing relocation assistance for internal and/or external candidates for confirmed hard-to-recruit positions
- Offering negotiated northern benefits in accordance with collective bargaining agreements for all northern in-scope positions
- Providing negotiated market adjustments for certain positions with the various unions that includes several hard-to-recruit positions

We found the Authority developed recruitment plans for some of its hard-to-recruit positions. These plans list the actions the Authority expects to carry out in the next year. We assessed a sample of 10 hard-to-recruit positions and found the Authority developed recruitment strategies/plans for nine of the positions tested. The Authority did not have a recruitment plan for one hard-to-recruit position we tested—cardiology technologists. At June 2022, the Authority did not expect to have a staffing gap for this position over the next five years.





The existing recruitment plans included advertising plans, recruitment sources (i.e., newly graduated post-secondary students or candidates from the Philippines recruitment initiative), and some consideration of needs (e.g., references to specific needs in certain locations).

However, we did not find evidence of the following in the recruitment plans for specific hard-to-recruit positions:

- Root causes of hard-to-recruit positions (e.g., lack of rural preceptors (instructors) for lab and x-ray technicians, lack of suitable/available housing).<sup>17</sup> Consideration of root causes would help the Authority focus on developing strategies tailored to addressing the reasons why specific positions are hard-to-recruit.
- Sources of qualified people who could fill hard-to-recruit positions (e.g., high school students, current employees, or contract staff) other than post-secondary students.
- Sourcing channels such as referrals, recruiter networks, or industry conferences. We note the Authority does not have an employee referral program in place as a sourcing channel—such programs could help the Authority reduce recruitment time and effort while increasing staff engagement (e.g., new hires familiar with current staff). The plans also did not establish reviews of past experiences or measure the success of various sourcing channels.
- Promotion opportunities for some hard-to-recruit positions to local rural and remote youth. One good practice suggests staff retention will improve if you select applicants to fill positions in smaller communities with healthcare workers who are from, or have practiced in smaller and/or remote communities, because they understand and more easily adapt to those locations.
- Alternate potential recruitment pools, such as professional regulatory bodies (where applicable), clinical placements, local communities or high schools to generate interest in the healthcare industry. See **Section 5.7** for further discussion.

A lack of documented root cause analysis is a concern. If the Authority does not know why it cannot recruit and retain staff, it can be difficult to build plans to address the underlying issues.

For example, if the Authority expects to have a shortage of continuing care assistants in La Ronge over the next five years, then targeted strategies can help to focus the Authority's efforts toward addressing identified root causes specific to rural and remote recruitment. Such strategies could include working with the local community to provide social supports (e.g., assistance finding housing, daycare, or spousal employment) or the establishment of professional networks to support and mentor staff.

While the Authority has a workforce plan, including staff sourcing strategies for all healthcare positions, it continues to project a shortfall in staff resources for hard-to-recruit positions (close to 2,200 positions over the next five years). For example, even with the recruitment of potential nurses from the Philippines, the Authority still expects to need over

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<sup>17</sup> A preceptor is an experienced practitioner who provides supervision during clinical practice and facilitates the application of theory to practice for students and staff learners.

200 registered nurses in 2022–23. In addition, while the expansion of nursing seats in the province will help to address the Authority's long-term staffing needs, it will not have an immediate impact on staffing shortfalls.

Further expansion and variation of its strategies to fill hard-to-recruit positions will be necessary for the Authority to limit further service disruptions to the public. Also, having an understanding of where in the province it expects to experience significant resource gaps may help the Authority implement appropriate targeted plans (see **Recommendation 1**).

**2. We recommend the Saskatchewan Health Authority implement targeted plans to address recruitment and retention for specific hard-to-recruit positions where it expects to have significant gaps.**

## 5.5 Specialized Staff Training Provided

The Saskatchewan Health Authority provides specialized staff training to assist in its recruitment and retention efforts.

The growing employment gap in healthcare in Canada presents an immediate concern for all healthcare providers.<sup>18</sup> Focusing solely on filling gaps with recent and future graduates will not fully meet current talent needs. However, finding ways to enhance its use of staff can help the Authority address some immediate staffing needs.

We found the Authority offers a number of training opportunities for hard-to-recruit positions. Examples of such training opportunities include:

- The Authority working with various post-secondary schools on a one-year 'Earn While You Learn' program where students enroll in the continuing care assistant education course while working for the Authority as untrained continuing care assistants. Between 2020 and 2021, the Authority employed 67 students in the program (63 students continued to work with the Authority as at August 2022). This program enables the Authority to fill long-term staffing gaps immediately, while also providing staff the opportunity to build career skills.

A continuing care assistant is one of the Authority's hard-to-recruit positions with an anticipated five-year gap of 841 positions (see **Figure 6**). The Authority employs continuing care assistants in many of its facilities. They generally work in long-term care, home care, and acute care with the pandemic highlighting them as a critical role.

- The Authority paying for specialized training courses for selected staff to qualify for hard-to-recruit positions. This includes providing approximately 100 registered nurses with critical care and perioperative advanced training annually. This training qualifies these nurses as specialized registered nurses.<sup>19</sup> We also found the Authority directly purchased one seat for electroneurophysiology technologist training and two seats for perfusionist training for its staff (both four-year programs) from the British Columbia Institute of Technology.<sup>20</sup>

<sup>18</sup> *Labour Force Survey, June 2022*, Statistics Canada, [www150.statcan.gc.ca/n1/daily-quotidien/220708/dq220708a-eng.htm](http://www150.statcan.gc.ca/n1/daily-quotidien/220708/dq220708a-eng.htm).

<sup>19</sup> Critical care nurses typically work in hospital emergency rooms, ICUs or specialty departments such as cardiac care, pediatrics, neonatal units, or trauma and burn units. Perioperative nurses care for patients undergoing surgery or invasive procedures.

<sup>20</sup> Payments to post-secondary institutions associated with interprovincial training seats cover the institutions' costs for items such as accreditation site assessments and arranging and supervising clinical placements associated with the training programs. Students are responsible for tuition costs associated with the training seats.



The Authority enters into return-for-service agreements where staff selected for these specialized courses commit to work for the Authority after course completion for a specific period of time—ranging from one to four years depending on the program costs incurred by the Authority (i.e., meaning the Authority will retain these staff for a number of years following course completion).

Making specialized training opportunities available to staff can help address recruiting challenges. It can also help in retaining existing staff in hard-to-recruit positions.

## 5.6 Need to Assess Success of Student Clinical Placements

The Saskatchewan Health Authority needs to assess the success of student clinical placements to determine whether the strategy requires adjustment.

As the largest single healthcare employer in the province, the Authority offers numerous opportunities for students or learners to do the clinical work required to complete their education in various fields of study—including for several hard-to-recruit positions (e.g., registered nurses, licensed practical nurses, medical laboratory technologists). The Authority has clinical placement agreements with all Saskatchewan post-secondary institutions providing healthcare education to allow their students to gain clinical experience in their chosen field as part of the educational curriculum.<sup>21</sup>

Annually, the Authority creates clinical placement opportunities across the province for about 4,500 healthcare students enrolled at Saskatchewan post-secondary institutions with some of these placements for hard-to-recruit positions. The Authority provides supervision and training (through preceptors) for the majority of clinical placement students.

However, we found the Authority does not have a system to monitor student placement and performance, or to track the number of employees it attracts as a result of these initiatives. In addition, while post-secondary institutions may conduct student experience surveys, the Authority does not receive this information in a centralized way or conduct its own surveys to gain insight into student perspectives of the program or their views of the Authority as a potential employer.

Clinical placements are an important recruitment strategy that the Authority is uniquely positioned to use. The Authority needs to assess whether this strategy effectively helps to address its gaps in hard-to-recruit positions. Measuring the success of the strategy will enable the Authority to consider the root causes of any failures and make necessary adjustments.

**3. We recommend the Saskatchewan Health Authority analyze whether clinical placements for students are a successful recruitment strategy for hard-to-recruit positions.**

<sup>21</sup> The Authority has clinical placement agreements with: University of Saskatchewan, University of Regina, Saskatchewan Polytechnic, First Nations University of Canada, Gabriel Dumont Institute, Saskatchewan Indian Institute of Technologies, and the eight regional colleges across the province.

## 5.7 Student Supply Key to Filling Hard-to-Recruit Positions

The Saskatchewan Health Authority does not know whether all efforts to optimize the supply of healthcare workers through post-secondary training is working effectively.

The Authority is a party to several initiatives encouraging students to join the healthcare sector, including those in hard-to-recruit positions. These initiatives include:

- Purchasing specialized healthcare training seats for use by Saskatchewan students at Canadian post-secondary institutions outside of Saskatchewan (i.e., inter-provincially)
- Assessing the number and type of healthcare profession training seats offered at Saskatchewan post-secondary institutions
- Promoting hard-to-recruit healthcare positions as a career to Saskatchewan's post-secondary students through career fairs, informational posters and electronic communications

### 5.7.1 Inter-Provincial Training Seats Purchased, But Not Well-Monitored

The Government of Saskatchewan through the Ministry of Advanced Education signed inter-provincial agreements to purchase training seats related to healthcare education at Canadian post-secondary institutions outside of Saskatchewan. This type of training is required for several hard-to-recruit positions (e.g., respiratory therapist, diagnostic sonographer). The Government purchases the training seats to allow students who are Saskatchewan residents that meet the post-secondary educational requirements to access specialized healthcare training outside of the province.

Recently, the Authority worked with the Ministries of Advanced Education and Health to assess the sufficiency of out-of-province seats available to Saskatchewan students in healthcare positions, including the education required for several hard-to-recruit positions. As shown in **Figure 8**, this assessment resulted in purchasing several additional seats to assist the Authority in filling its hard-to-recruit staffing gaps.

**Figure 8** illustrates the inter-provincial training seats purchased by the Ministry of Advanced Education for 2020–25 related to the Authority's hard-to-recruit positions. For example, beginning in 2021–22, it purchased 40 seats per year from the University of Alberta for occupational therapists (a two and half year program). Within its five-year gap analysis, the Authority anticipates hiring 16 of the students who fill these seats annually.

For 2019–22 period, the Ministry of Advanced Education spent an average of just over \$2 million annually on securing these training seats available to Saskatchewan students who qualify for entrance into the respective post-secondary institutions.<sup>22</sup>

<sup>22</sup> Payments to post-secondary institutions associated with interprovincial training seats cover the institutions' costs for items such as accreditation site assessments and arranging and supervising clinical placements associated with the training programs. Students are responsible for tuition costs associated with the training seats.

**Figure 8—Inter-Provincial Training Seats Purchased by the Ministry of Advanced Education for Hard-to-Recruit Positions from 2020–25**

Program	Institute	Number of Purchased Seats				
		2020–21	2021–22	2022–23	2023–24	2024–25
Diagnostic Medical Sonography	Southern Alberta Institute of Technology	24	24	24	24	24
Respiratory Therapist	Southern Alberta Institute of Technology	28	32	36	36	36
Nuclear Medicine Technology	Southern Alberta Institute of Technology	6	4	4	4	4
Magnetic Resonance Imaging	Northern Alberta Institute of Technology	2	2	2	2	2
Occupational Therapy	University of Alberta	35	40	40	40	40
Electroneurophysiology <sup>A</sup>	British Columbia Institute of Technology	2	2	1	1	1
Cardiovascular Perfusion <sup>A</sup>	British Columbia Institute of Technology	0	1	1	1	1
<b>Total Seats</b>		<b>97</b>	<b>105</b>	<b>108</b>	<b>108</b>	<b>108</b>

Source: Adapted from information provided by the Saskatchewan Health Authority.

<sup>A</sup> In addition to the seats described above, the Authority directly purchased one seat for electroneurophysiology technologist training and two seats for cardiovascular perfusionist training (noted in **Section 5.5**). In August 2022, the Authority determined that for the seats it directly purchased, one cardiovascular perfusion graduate had completed the program and was working with the Authority and the other two students had not yet completed their programs. Beyond these three seats, the Authority has not directly purchased any further seats from post-secondary institutions outside of Saskatchewan.

The respective post-secondary institutions are responsible for choosing the Saskatchewan students who will fill the purchased seats. Beyond completion of their clinical placements in Saskatchewan, the students are not obligated in any way to the Government of Saskatchewan or to the Authority in exchange for using the seats; students are not required to work in Saskatchewan after training.

We note that even with the inter-provincial seats purchased and the anticipated hiring of these students, the Authority determined it continues to have large one-year and five-year staff gaps for diagnostic medical sonographers and respiratory therapists (see **Figure 6**). The number of potential hires is dependent on students returning to work at the Authority following completion of their training.

We found neither the Ministry of Advanced Education nor the Authority have a system to readily monitor student placement and performance, or to track the number of students who return to the province to work upon completion of their studies. In addition, no one conducts surveys or interviews to gain insight into student perspectives on potential location of employment or their views of the Authority as a potential employer.

As the primary healthcare employer in the province, new recruits from the post-secondary system are a key source of staff supply for the Authority's hard-to-recruit positions. While the Authority directly purchases some training seats, it also works with key stakeholders (e.g., the Ministry of Advanced Education) to assess out-of-province educational access to specialized healthcare training. However, a lack of monitoring whether students using government-purchased seats return to work at the Authority increases the risk that public

money is not well spent. If purchased seats do not effectively address staffing vacancies, the Authority should consider adjusting its approach.

4. We recommend the Saskatchewan Health Authority periodically determine whether post-secondary training seats purchased out of province are successful at addressing vacancies for hard-to-recruit positions.

### 5.7.2 Assessment of Certain Saskatchewan Training Seats Underway

Until March 2022, the Authority was a member of the Saskatchewan Academic Health Sciences Network (SAHSN)—a partnership between the Government of Saskatchewan and the post-secondary sector.<sup>23</sup> Effective March 2022, this partnership evolved into the Saskatchewan Health Human Resources Partnership (SHHRP).<sup>24</sup> The Authority works with its partners (i.e., Ministries of Health, Advanced Education, and Immigration and Career Training) to assess supply and demand for various healthcare professions for the healthcare sector in Saskatchewan and to make recommendations on educational access to ensure a sufficient supply of trained healthcare professionals.

Our analysis of SAHSN's latest annual report on Health Human Resource Priorities (2020), found it provided an update on key actions—many of which focused on increasing educational training seats for certain healthcare professions, including those designated as hard-to-recruit. The Authority's more recent *Health Human Resource Plan 2022–2026* indicates it is working with its partners regarding an expansion to nursing seats for fall 2022.

SAHSN's 2020 reporting included an assessment of predicted provincial supply and demand by position over the period 2019–20 to 2024–25, and ranked many hard-to-recruit positions as not in sufficient supply from post-secondary institutions for the Saskatchewan healthcare sector in the future.

SAHSN's reporting stalled after 2020 due to the COVID-19 pandemic and the resulting changes in healthcare priorities. Any continued assessments and analysis of supply and demand by the Authority's partners should provide valuable input into its own assessments of staffing gaps for hard-to-recruit positions.

### 5.7.3 Promotion of Hard-to-Recruit Healthcare Positions to Certain Students Lacking

One way to increase the supply of healthcare professionals is to promote professions to young people making career choices. Prior to the COVID-19 pandemic, the Authority would create poster promotions, attend career fairs, and make classroom presentations to high school students. The Authority targeted some of these activities to rural and northern areas

<sup>23</sup> The Saskatchewan Academic Health Sciences Network's primary mandate was to optimize the coordination of health science training, education and competency development toward the end objective of adequately supplying the health system with qualified health professionals to meet the health needs of the province. SAHSN was made up of senior officials from the health sciences at the University of Saskatchewan, University of Regina, and Saskatchewan Polytechnic, as well as representatives from the Saskatchewan Health Authority, and the Ministries of Health, Advanced Education, and Immigration and Career Training.

<sup>24</sup> The Saskatchewan Health Human Resources Partnership is a partnership between certain ministries (i.e., Ministries of Health, Advanced Education, and Immigration and Career Training) and the Saskatchewan Health Authority that serves as the province's principal authority for setting Health Human Resource (HHR) priorities; making decisions on and executing appropriate HHR strategies; and monitoring results of actioned HHR initiatives.



of the province to encourage students to choose a career in healthcare. High-potential candidates who originate from rural and northern communities are more likely to understand and appreciate the values of working in a smaller community.

In our assessment of nine recruitment plans for hard-to-recruit positions, we did not see any actions related to the promotion of these professions outside of post-secondary institutions where students already made a career choice in healthcare. However, the Authority indicated it resumed attending in-person recruitment events (e.g., career fairs, conferences, high school events) in April 2022 targeted at various sources of healthcare professionals, including high school students, post-secondary students, and immigrants.

Enhancing work with various stakeholders (e.g., professional regulatory bodies, high schools) to encourage students to select fields of study related to hard-to-recruit positions may increase the Authority's potential future applicant pool. The Authority could further emphasize such actions within its recruitment and retention plans for hard-to-recruit positions (see **Recommendation 2**).

## 5.8 Opportunity to Increase Indigenous Representation in Hard-to-Recruit Positions

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The Saskatchewan Health Authority plans to develop a First Nations and Métis recruitment and retention plan by March 2023. Having a targeted plan that increases the number of First Nations and Métis staff may help to fill the supply gap for hard-to-recruit positions, especially in northern Saskatchewan.

We found the Authority's 2022–23 public performance plan (road map) includes a goal of developing a First Nations and Métis recruitment and retention strategy by March 2023, but no other diversity actions.<sup>25</sup> The Authority's *Health Human Resource Plan 2022–2026* provides information about planned content for such a strategy (e.g., providing healthcare career exploration learning opportunities, continue building partnerships through engaging First Nations and Métis communities). According to its website, the Authority strives to be a diverse and culturally responsive organization, with a workforce that is representative of the people that it serves.

The Authority asks staff to voluntarily self-declare whether they are First Nations or Métis. The Authority's workforce plan sets out the current staff voluntary self-declaration results as of January 2022 as shown in **Figure 9**. As a benchmark comparison, we compared the Authority's results to the 2019 target set by the Saskatchewan Human Rights Commission (SHRC).<sup>26</sup> The Authority's voluntary self-declaration results show it is only meeting the Commission's target for First Nations and Métis in northeast Saskatchewan.

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<sup>25</sup> The Authority annually develops a public performance plan, known as the road map, for the entire organization. The 2022–23 road map is the delivery plan to execute on the current year's budget commitments and advance key priorities for the Authority.

<sup>26</sup> The Saskatchewan Human Rights Commission strives to promote and protect the individual dignity, fundamental freedoms and equal rights of Saskatchewan citizens. As part of its mandate, the Commission promotes research and education strategies to advance principles of equality and diversity, and to encourage understanding of human rights issues. [saskatchewanhumanrights.ca/the-commission/](https://saskatchewanhumanrights.ca/the-commission/) (23 September 2022).



**Figure 9—Authority’s Voluntary First Nations or Métis Self-Declaration Results Compared to Saskatchewan Human Rights Commission’s Target**

First Nations & Métis Voluntary Self-Declaration Results		
Saskatchewan Human Rights Commission Target		14%
Saskatchewan Health Authority Results	North East	14.2%
	North West	9.0%
	Regina	3.0%
	Saskatoon	5.4%
	South East	3.4%
	South West	2.4%
	<b>Overall</b>	<b>5.5%</b>

Source: Saskatchewan Human Rights Commission target, [www.saskatchewanhumanrights.ca/2019-employment-equity-targets/](http://www.saskatchewanhumanrights.ca/2019-employment-equity-targets/); Voluntary Self Declaration Results—Saskatchewan Health Authority’s *Health Human Resource Plan 2022–2026*, p. 19.

We also assessed the Authority’s main website, its job-posting website and its related job descriptions. We did not find any diversity or inclusion references to encourage potential applicants with regards to the Authority’s commitment to a workforce reflective of the communities it serves. In July 2022, Authority management told us it will include a statement on future job postings indicating that the Authority is building a representative, diverse, inclusive, and culturally responsive workforce.

Although a First Nations and Métis recruitment and retention plan has not yet been developed, we found evidence of the Authority’s commitment to creating a more diverse workforce in its recruitment strategy for the rebuild of Prince Albert’s Victoria Hospital. The strategy indicates the Authority plans to launch a targeted joint recruitment campaign with post-secondary institutions, Métis Nation of Saskatchewan, Prince Albert Grand Council, and other First Nations communities. The Authority expects the recruitment campaign to target high school students and young adults across northern Saskatchewan, with a particular focus in and around Prince Albert.

The Authority expects the campaign to begin with longer-term education programs such as the registered nursing program (minimum four-year duration to complete), and then move onto other shorter duration programs (generally two years or less to complete, like licensed practical nursing). The Authority also plans to partner with local high schools, including on-reserve schools, to provide in-person career exposure through rotating presentations by Authority health professionals in nursing and other hard-to-recruit positions.

We also found the Authority recently entered into a partnership with the Gabriel Dumont Institute in early 2022 to provide additional access for First Nations and Métis learners to post-secondary seats in further support of the Prince Albert Victoria Hospital project. In addition, the SHA committed to recruiting up to 450 qualified Métis students from Gabriel Dumont Institute from 2023 to 2028.

While the Authority has taken steps to create a more diverse workforce, lack of a First Nations and Métis recruitment and retention plan including a diversity target increases the risk of the Authority missing other potential opportunities to create a diverse workforce and to fill hard-to-recruit positions.





- 5. We recommend the Saskatchewan Health Authority implement a First Nations and Métis recruitment and retention plan to help fill hard-to-recruit positions.**

## 5.9 Better Analysis of Staff Exit Surveys Needed to Inform Retention Strategies

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The Saskatchewan Health Authority does not centrally analyze key information from staff exit surveys to understand why it does not retain staff in hard-to-recruit positions.

The Authority has a variety of key information it could use to determine workplace improvements needed to increase staff retention, including those deemed as hard-to-recruit. For example, it does not have a centralized process to conduct and summarize exit surveys with staff who depart from the organization. Such information is necessary to enable the Authority to develop and implement effective retention strategies for hard-to-recruit positions.

### 5.9.1 Employee Exit Surveys Not Analyzed

Employee exit surveys help organizations assess the overall experience of staff during their employment and identify opportunities to improve retention and engagement. Exit surveys can provide organizations with feedback regarding their workplace culture, day-to-day processes, and staff morale.

We found the Authority does not have a centralized process to conduct exit surveys with staff prior to their departure from the organization. Currently, it uses a patchwork of different surveys in place prior to the creation of the amalgamated Authority in December 2017. As a result, the Authority does not have a source of consistent data to allow it to analyze aggregate results from its exit surveys. This information would be useful to conduct root cause analysis on why staff leave or do not stay in hard-to-recruit positions (e.g., identification of common themes), which would enable the Authority to drive change in its retention strategies.

Staff exit surveys can provide an organization with valuable information about where it can improve. Lack of analysis of staff exit surveys limits the Authority's ability to assess the effectiveness of and adjust its recruitment and retention efforts for hard-to-recruit positions.

- 6. We recommend the Saskatchewan Health Authority centralize its analysis of staff exit surveys to inform retention strategies for hard-to-recruit positions.**

### 5.9.2 Culture Survey Informed Strategy

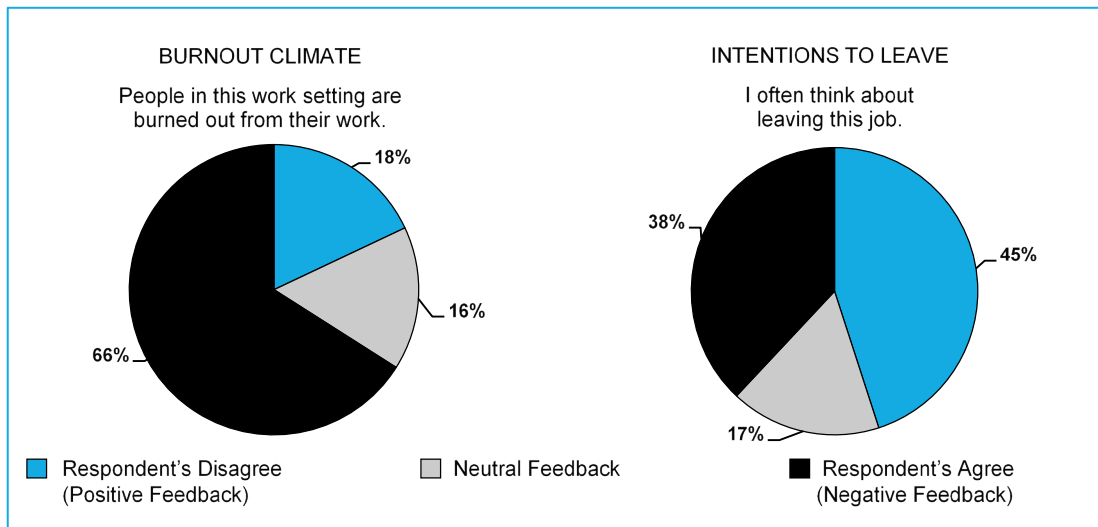
The Authority completed its first culture survey with its employees in fall 2020 with about 38% of all staff participating in the survey. These surveys provide information about staff perceptions of the organization, including identifying organizational strengths and weaknesses. Such information can prove valuable when assessing or designing retention strategies.

The Authority used the survey results to inform its organizational staff and experience strategy provided to the Authority's executive team in March 2021. The strategy highlighted key workplace changes needed to increase staff retention (e.g., wellbeing supports to address burnout culture).

At June 2022, the Authority does not have a timeframe for completion of its next survey.

**Figure 10** sets out some key results from the survey. Areas of concern included staff feeling burned out from their work, as well as over a third of respondents thinking about leaving their job. For example, 38% of survey respondents indicated they were thinking about leaving their job at the Authority.

**Figure 10—Culture of Safety Survey Summary Report at December 2020**



Source: Saskatchewan Health Authority's Culture of Safety Survey Summary Report – December 2020.

Survey responses also indicated 66% of Authority staff who responded felt burned out from their work. Burnout is a state of emotional, physical, and mental exhaustion caused by excessive and prolonged stress. In the course of employment, burnout can make staff feel emotionally drained, unable to function in the context of work and other aspects of life, reduce productivity, and lower their motivation.<sup>27</sup> The survey results emphasize that hiring more staff is not the only solution to addressing resource gaps—the Authority also needs to ensure it fosters working conditions that encourage staff to stay, especially in the roles here it needs them most.

We found the Authority has initiatives in place to support the mental health of its staff. It offers an employee and family assistance program for all staff that can provide counselling and other assistance on a confidential basis. It also offers a mental health support line and internet-based cognitive behavioural therapy to all staff.<sup>28</sup>

Many organizations now place increased emphasis on the mental health of staff, especially since the start of the COVID-19 pandemic. Taking steps to support staff mental health can lead to increased productivity and retention, as well as reduced healthcare and disability costs.

<sup>27</sup> [www.camh.ca/en/camh-news-and-stories/career-burnout](http://www.camh.ca/en/camh-news-and-stories/career-burnout) (7 August 2022).

<sup>28</sup> [www.saskhealthauthority.ca/news-events/news/looking-supports-build-your-resilience-wellbeing](http://www.saskhealthauthority.ca/news-events/news/looking-supports-build-your-resilience-wellbeing) (7 August 2022).



### 5.9.3 Overtime and Sick Time Monitored

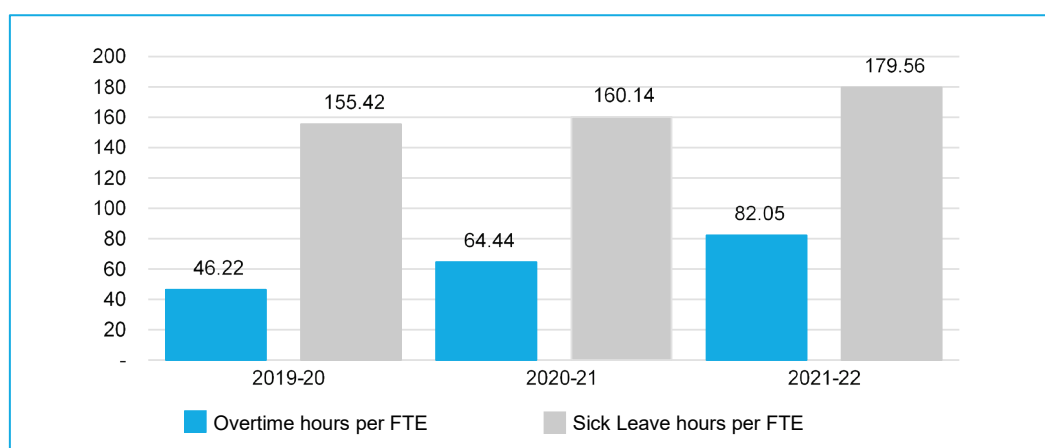
The Authority's senior management regularly monitors staff overtime and sick time.

The Authority must be cautious that overtime, where staff intermittently work a few extra hours for increased pay, does not turn into overwork (i.e., burnout). Overworked employees can struggle to perform simple tasks, be productive, and experience physical or emotional disabilities—which can ultimately result in increased staff leaves of absence (e.g., prolonged sick time).<sup>29</sup> Such circumstances can negatively affect the Authority's ability to retain staff.

**Figure 11** shows that use of overtime and sick time per FTE increased steadily over the past three years. In 2021–22, the average amount of overtime per FTE was about 80 hours or 10 additional working days, compared to almost six working days in 2019–20.

Since 2019–20, Authority staff worked almost 78% more overtime per FTE and used almost 16% more sick time. Overall, the Authority paid its staff about 2.7 million overtime hours and 5.9 million sick time hours in 2021–22. These compare to about 1.4 million hours and 4.8 million hours in 2019–20, respectively. The statistics tend to indicate staff may be overworked.

**Figure 11—Overtime and Sick Time Hours per Paid FTE 2019–22**



Source: Adapted from information provided by the Saskatchewan Health Authority.

While the Authority does not regularly produce overtime or sick time reports specifically for hard-to-recruit positions, such information could help to illustrate those positions are not optimally staffed. It may also be a useful input to the Authority's retention plans for those positions (see **Recommendation 2**).

## 5.10 Vacancy Rates Monitored but Further Ways Needed to Measure Whether Recruitment and Retention Activities are Working

The Saskatchewan Health Authority has set one target for assessing whether it is successfully recruiting and retaining hard-to-recruit staff, but could establish further measures to evaluate its success.

<sup>29</sup> [wheniwork.com/blog/overworked-employees](https://wheniwork.com/blog/overworked-employees) (4 August 2022).

The Authority develops a public performance plan, known as the road map, annually. The 2022–23 road map is the delivery plan to execute on the current year's budget commitments and to advance key priorities for the Authority.

The first goal on the road map—'Investing in our most valuable resource – our people'—is the Authority's main human resources objective. A priority under this goal is to advance progressive health human resource strategies to meet the Authority's current and future workforce needs. One performance target exists in 2022–23 specifically related to the recruitment and retention of hard-to-recruit positions (i.e., by March 31, 2023, the Authority would have no more than 5% of permanent full and part-time hard-to-recruit priority classification positions vacant for more than 90 days).

Assessing the vacancy rate shows the percentage of unfilled positions compared to the total number of positions in the organization. A high percentage means there are jobs available, but they remain unfilled. It signals a high demand or a low supply in the job market. The Authority must try to devise strategies to allow it to more closely align staff supply and demand in order to successfully deliver healthcare services and sustain an engaged workforce.

**Figure 12** illustrates those hard-to-recruit positions with chronic vacancies greater than 5% at March 2022. The Authority had 11 hard-to-recruit positions over the 5% target of permanent full and part-time hard-to-recruit priority classification positions vacant for more than 90 days, with some positions vacant for more than a year.

The Authority may not be able to provide optimal care to Saskatchewan residents when key positions are vacant for long periods of time. The Authority must redirect client care to other locations which adds strain to those services, or not offer some services at all (see **Section 5.1**).

**Figure 12—Hard-to-Recruit Positions with Chronic Vacancies Greater than 5% at March 31, 2022**

Hard-to-Recruit Position	Chronic Vacancy Percentage
Respiratory Therapist	10.9%
Speech-Language Pathologist	10.3%
Combined Laboratory and X-ray Technician	9.6%
Public Health Inspector	8.6%
Electroneurophysiology Technician	8.3%
Psychologist	7.2%
Sonographer—Cardiac and Diagnostic	6.5%
Occupational Therapist	6.1%
Registered Nurse or Registered Psychiatric Nurse	5.7%
Health Information Management Practitioner	5.6%
Physiotherapist	5.1%

Source: Adapted from the Saskatchewan Health Authority's *Health Human Resource Plan 2022–2026*, June 2022 version.

We found the Authority began analyzing and reporting to senior management in early 2022–23 regarding its hard-to-recruit position vacancy rates. In its June 2022 report to senior management, the Authority reported an overall vacancy rate of 8.15% for hard-to-recruit positions (7.32% for all positions).



Other useful information the Authority could use to assess whether recruitment and retention strategies for hard-to-recruit positions are working include:

- Retention rate—the number of employees who remain at the end of a period
- Average tenure of employees who left the Authority's employ
- Time to fill a position—good practice indicates that shorter timeframes for applicants to be offered a job increases the likelihood of them accepting a job offer

The Authority plans to implement the new Administrative Information Management System (AIMS) in 2022–23. It expects AIMS to enable better collection and analysis of human resource data.

Without sufficient, quality measures to determine which recruitment and retention activities are working, it may be difficult for the Authority to effectively address vacancies in hard-to-recruit positions. Improved data analysis should help the Authority inform needed updates to and priorities for its recruitment and retention plans for hard-to-recruit positions.

**7. We recommend the Saskatchewan Health Authority establish further measures to evaluate the success of its recruitment and retention activities for hard-to-recruit positions.**

## 6.0 SELECTED REFERENCES

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## Follow-Up Audits

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## Chapter 13

# Corrections, Policing and Public Safety—Community Rehabilitation of Adult Offenders

### 1.0 MAIN POINTS

By August 2022, the Ministry of Corrections, Policing and Public Safety improved its processes to provide community rehabilitation to adult offenders by implementing two outstanding recommendations.

The Ministry:

- Monitored compliance with expected timelines stated in its revised risk assessment and case management policies (eight weeks and four weeks respectively)
- Conducted compliance audits to verify probation officers completed progress reports for offenders every 120 days after the offender's initial case plan was complete

Also, the Ministry approved the following completion rate targets for adult offender risk assessment, case plans, and progress reports:

- 65% of offender risk assessments, case plans, and progress reports will be completed within policy timelines by March 31, 2023
- 75% of offender risk assessments, case plans, and progress reports will be completed within policy timelines by March 31, 2024

By July 2022, the Ministry achieved a province-wide risk assessment completion rate of 78% and a province-wide case plan completion rate for adult offenders of 77%.

The Ministry reported on achievement of these targets to senior management and front-line staff (e.g., probation officers and their supervisors) every two months.

Establishing targets and monitoring achievement of timelines set in policies (e.g., for risk assessments, case plans and progress reports) can assist the Ministry in addressing delays in a timely manner and formally tracking its progress toward reducing offender recidivism.

### 2.0 INTRODUCTION

#### 2.1 Background

The Ministry of Corrections, Policing and Public Safety is responsible for the provision of correctional services and programs including the supervision and rehabilitation of adult





offenders in the community.<sup>1</sup> At July 1, 2022, there were approximately 830 adult offenders serving community sentences in the South Region.<sup>2</sup>

Through its Custody, Supervision and Rehabilitation Services Division, the Ministry provides offender care, control, and supervision for offenders in the community and in correctional centres. It utilizes case management and supervision to support adult offenders serving a sentence in the community.<sup>3</sup>

Providing offenders with rehabilitation services that meet their needs at the right time helps decrease the likelihood of offenders committing further offences.

## 2.2 Focus of Follow-Up Audit

This chapter describes our fourth follow-up audit of management's actions on the recommendations we made in 2011.

Our *2011 Report – Volume 1*, Chapter 3, concluded that during 2010, the Ministry had, other than the matters reflected in the seven recommendations, adequate processes to rehabilitate adult offenders likely to repeat crimes (including serious or violent crimes) who were serving a community sentence in the Regina Qu'Appelle Region. By June 2020, the Ministry implemented five of the seven recommendations.<sup>4</sup>

To conduct this audit engagement, we followed the standards for assurance engagements published in the *CPA Canada Handbook—Assurance* (CSAE 3001). To evaluate the Ministry's progress toward meeting our recommendations, we used the relevant criteria from the original audit. The Ministry agreed with the criteria in the original audit.

In performing this follow-up audit, we examined policies, minutes and agendas from relevant meetings. We observed the Ministry's processes to obtain and to analyze relevant data, interviewed key Ministry staff, and tested a sample of offender files for staff completion of offenders' risk assessments, case plans and progress reports to assess alignment with Ministry policies.

## 3.0 STATUS OF RECOMMENDATIONS

This section sets out each recommendation including the date on which the Standing Committee on Public Accounts agreed to the recommendations, the status of the recommendations at August 31, 2022, and the Ministry's actions up to that date.

<sup>1</sup> *The Correctional Services Act*, 2012, sections 4(2)(d) and 27(1)(a).

<sup>2</sup> Our *2011 Report – Volume 1*, Chapter 3, focused on rehabilitating adult offenders likely to repeat crimes who were serving a community sentence in the Regina Qu'Appelle Region. In 2013, the Ministry reorganized its 11 adult and youth community corrections regions into three regions—South, Central, and North. The Regina Qu'Appelle Region became part of the South Region.

<sup>3</sup> *The Correctional Services Act*, 2012, section 84.

<sup>4</sup> *2011 Report – Volume 1*, Chapter 3, pp. 29–43 and *2020 Report – Volume 2*, Chapter 25, pp. 207–211.

### 3.1 Approved Risk Assessment and Case Plan Policies Monitored for Compliance

***We recommended the Ministry of Corrections, Policing and Public Safety (formerly the Ministry of Corrections and Policing) consistently follow its policy requiring risk assessments and case plans for adult offenders to be completed within six weeks of starting community sentences. (2011 Report – Volume 1, p. 37, Recommendation 1; Public Accounts Committee agreement September 23, 2014)***

#### **Status—Intent of Recommendation Implemented**

The Ministry of Corrections, Policing, and Public Safety updated and monitored compliance with its risk assessment and case management policies for adult offenders.

The Ministry revised its risk assessment and case management policy requirements based on its review of standards used in Manitoba and Ontario. The Ministry consulted with various criminal justice stakeholders (e.g., provincial court judges, Assistant Deputy Attorney General) when considering revisions to its policy.

The Ministry approved its revised risk assessment and case management policies effective October 2020. It also further clarified its case management policy in July 2022, informing staff that progress reports are due within 120 days from each case plan completion date, until probation order expiry. **Figure 1** depicts changes to the Ministry's policies.

**Figure 1—Key Policy Revisions Approved in October 2020**

#### **Risk Assessment and Case Management Policies:**

- The policies require staff to complete risk assessments and case plans for offenders within 12 weeks of offenders starting their community sentences. That is, eight weeks to complete risk assessments and four weeks to complete case plans. The previous policy requirement was within six weeks.
- The case management policy sets out requirements associated with progress reports—staff must document progress in the case plan every 120 days, which begins to count from the date of completing the initial case plan. This is unchanged from the previous expectation.

Source: Adapted from discussions with Ministry staff and review of Ministry policies.

We tested 30 offender files and found supervisors monitored whether probation officers completed case plans within four weeks of completing risk assessments. We found:

- Four of 15 offender files had risk assessments completed outside the eight-week timeframe outlined in policy. Most staff completed offender risk assessments within six months (93% of files tested).
- Six of 15 offender files had case plans completed outside the four-week timeframe outlined in policy. Overall, staff completed all case plans we tested within six months.

We reviewed evidence (e.g., emails, information from the Ministry's IT system, and meeting minutes) of staff discussing rationale for why case plans were outstanding or completed outside policy timelines. Rationale for incomplete assessments and case plans included, amongst others, difficulty in establishing contact with offenders. We found the process to monitor the timely completion of risk assessments and case plans, including having discussions at the local level to address root causes, reasonable.



Monitoring for timely completion of risk assessments and case plans for offenders helps support an effective offender rehabilitation process.

## 3.2 Regular Progress Reported

***We recommended the Ministry of Corrections, Policing and Public Safety (formerly the Ministry of Corrections and Policing) consistently follow its case management policy to prepare regular progress reports for adult offenders in the community.*** (2011 Report – Volume 1, p. 40, Recommendation 6; Public

Accounts Committee agreement September 23, 2014)

### **Status—Implemented**

The Ministry of Corrections, Policing and Public Safety management performed monthly audits assessing staff compliance with its case management policy, and approved completion rate targets for risk assessments, case plans, and progress reports.

We found the Ministry had established, well-defined processes to check whether staff complied with revised policies (i.e., monthly compliance audits), and considered root causes for identified policy non-compliance as mentioned in **Section 3.1**.

For two Ministry compliance audits we tested, the Ministry evaluated whether staff completed progress reports for offenders in accordance with its policy (i.e., every 120 days from initial case plan completion date).

We also found Ministry staff appropriately communicated policy compliance results (e.g., number of risk assessments completed within policy, over policy timelines) to senior management, regional staff and supervisors every two months.

In July 2022, the Ministry established and approved completion rate targets for risk assessments, case plans, and progress reports. The Ministry appropriately consulted with federal, provincial, and territorial partners in March 2022 to establish reasonable targets consistent with other jurisdictions. The approved targets include:

- 65% of risk assessments, case plans, and progress reports will be completed within policy timelines by March 31, 2023
- 75% of risk assessments, case plans, and progress reports will be completed within policy timelines by March 31, 2024

By July 2022, the Ministry achieved a province-wide risk assessment completion rate of 78% (South Region: 74%) and province-wide case plan completion rate for adult offenders of 77% (South Region: 74%). It also achieved a provincial completion rate for progress reports of 24% (South Region: 31%) for adult offenders.

Completion rates for progress reports are lower than for case plans and risk assessments because the case management process must occur sequentially (risk assessment, case plan, progress report). Probation officers complete case plans and risk assessments at the beginning of an offender's sentence, while they complete progress reports throughout the

sentence. Therefore, there is increased risk of an offender losing contact with their probation officer the longer the offender is under supervision.

Establishing targets to achieve timelines set in policies can assist the Ministry in formally tracking progress toward achieving adult community rehabilitation objectives (i.e., reduce offender recidivism). Setting and reporting on targets can assist the Ministry to measure how fast it achieves its policy objectives, identify root causes of non-compliance, and determine the extent of resources necessary to achieve its objectives.



## Chapter 14

# Corrections, Policing and Public Safety—Providing Primary Medical Care in Adult Secure-Custody Correctional Centres

### 1.0 MAIN POINTS

By July 2022, the Ministry of Corrections, Policing and Public Safety improved its processes to provide medical care to inmates in its adult secure-custody correctional centres. The Ministry implemented the seven outstanding recommendations we first made in 2018.

The Ministry:

- Implemented orientation training for nurse managers. Providing orientation training can assist in preparing nurse managers for their role in a correctional setting.
- Tracked currency of correctional staff's first-aid certifications. Monitoring and maintaining current first-aid certification ensures adult secure-custody correctional centre staff have up-to-date training to provide emergency care to inmates when required.
- Initiated a nurse-to-nurse form to provide inmates' critical medical information when inmates transfer between correctional centres and monitored utilization of the form.
- Evaluated its provision of primary medical care to inmates through medical file audits and analysis of medical complaints, which can assist correctional centres' medical staff in identifying areas of improvement.

Providing effective medical care in correctional centres may reduce the occurrence of inmates' illnesses degenerating into life threatening conditions.

### 2.0 INTRODUCTION

#### 2.1 Background

Section 4 of *The Correctional Services Act, 2012*, makes the Ministry of Corrections, Policing and Public Safety responsible for the establishment, administration, maintenance, and operations of correctional facilities. The Act requires the Ministry, through Correctional Facilities Directors, to ensure proper treatment, care or medication of inmates with respect to any condition relating to the physical or mental health of an inmate.

The Ministry's *Healthcare Standards in Provincial Correctional Centres* states the quality of care offenders receive in a provincial correctional centre should be similar to that experienced by those in the community.



Primary medical care refers to medical care received upon an individual's first contact with the healthcare system. It is care provided by family physicians, nurses or other medically-trained personnel. In Saskatchewan's four adult secure-custody correctional centres, inmates' first contacts with the health system is with nurses employed in those correctional centres.<sup>1</sup> Nurses may refer inmates to physicians for more specialty healthcare service.

As shown in **Figure 1**, the Ministry had four nurse managers and 112 nurses care for 1,972 offenders in the four adult secure-custody correctional centres at July 28, 2022.

**Figure 1—Nurses Working in Correctional Centres as of July 2022**

	Saskatoon	Regina	Prince Albert	Pine Grove <sup>B</sup>	TOTAL
<b>Offenders<sup>A</sup></b>	514	714	511	233	<b>1,972</b>
<b>Nurse Managers</b>	1	1	1	1	<b>4</b>
<b>Nurses</b>	24	34	28	22	<b>108</b>
<b>Total Nurses<sup>C</sup></b>	25	35	29	23	<b>112</b>

Source: Adapted from information provided by the Ministry of Corrections, Policing and Public Safety.

<sup>A</sup> Sentenced offenders (45%) and offenders on remand (55%) make up the offender population.

<sup>B</sup> Pine Grove Correctional Centre in Prince Albert is for women.

<sup>C</sup> Total nurses include both full-time and part-time nurses.

## 2.2 Focus of Follow-Up Audit

This chapter describes our second follow-up audit of management's actions on the recommendations we first made in 2018.

In 2018, we assessed the Ministry's processes to provide primary medical care to adult inmates in its secure-custody correctional centres. Our *2018 Report – Volume 1*, Chapter 3, concluded that the Ministry of Corrections, Policing and Public Safety had effective processes for the provision of primary medical care to adult inmates in its secure-custody correctional centres except for the areas outlined in our nine recommendations. By July 2020, the Ministry addressed two of the nine recommendations.<sup>2</sup>

To conduct this audit engagement, we followed the standards for assurance engagements published in the *CPA Canada Handbook—Assurance* (CSAE 3001). To evaluate the Ministry's progress toward meeting our recommendations, we used the relevant criteria from the original audit. The Ministry agreed with the criteria in the original audit.

To perform this follow-up audit, we interviewed Ministry senior management on actions taken to implement outstanding recommendations and reviewed relevant documents (e.g., policies, procedures, inmate complaint tracking sheets, nurse manager file audits). We conducted tests of operating effectiveness to confirm processes were implemented by the Ministry.

## 3.0 STATUS OF RECOMMENDATIONS

This section sets out each recommendation including the date on which the Standing Committee on Public Accounts agreed to the recommendations, the status of the recommendations at July 31, 2022, and the Ministry's actions up to that date.

<sup>1</sup> Saskatchewan's four adult secure-custody correctional centres are Prince Albert, Regina, Saskatoon, and Pine Grove (for women).

<sup>2</sup> *2018 Report – Volume 1, Chapter 3*, pp. 25–38 and *2020 Report – Volume 2, Chapter 27*, pp. 217–224.

### 3.1 Nurse Manager Orientation Training Delivered

***We recommended the Ministry of Corrections, Policing and Public Safety (formerly Ministry of Corrections and Policing) deliver orientation training for the nurse manager positions in adult secure-custody correctional centres.*** (2018 Report – Volume 1, p. 30, Recommendation 1; Public Accounts Committee agreement September 25, 2019)

**Status**—Implemented

The Ministry of Corrections, Policing, and Public Safety delivered orientation to its nurse managers.

The Ministry developed a nurse manager orientation training package in June 2020. The orientation covers key content for the provision of medical care in a correctional centre, including conflict management, substance abuse, and incident reporting. Nurse managers can complete a survey after training, which helps the Ministry monitor effectiveness of the training or identify improvements needed.

At each correctional centre, the Deputy Director of Standards and Communication is responsible for tracking, and ensuring completion of, orientation within five months of nurse managers starting their position.

We found the Ministry maintained a tracking sheet, and nurse managers completed the required orientation training.

Having nurse managers attend orientation training that is relevant to their work in a correctional centre allows them to be prepared, know what to expect, and do what is required to succeed in their role.

### 3.2 First-Aid Certifications Monitored

***We recommended the Ministry of Corrections, Policing and Public Safety (formerly Ministry of Corrections and Policing) monitor the currency of first-aid certifications of correctional staff from adult secure-custody correctional centres.*** (2018 Report – Volume 1, p. 31, Recommendation 2; Public Accounts Committee agreement September 25, 2019)

**Status**—Implemented

The Ministry of Corrections, Policing and Public Safety tracked the currency of first-aid certifications of correctional staff.

Each correctional centre maintains its own spreadsheet and reports currency of correctional officers' certification status to the Custody Services Branch of the Ministry every September. We reviewed the September 2021 reporting to the Custody Services Branch. We observed correctional centres reported their compliance rate for current first-aid certifications and plans to address a few non-compliance instances. We found the actions to resolve non-compliance items to be reasonable (e.g., training plan for staff with expired certificates).





We tested a sample of 30 first-aid certifications listed on tracking sheets and found all certifications current as indicated on the tracking sheet.

Monitoring and maintaining current first-aid certifications as required ensures correctional staff have the training to provide emergency care to inmates.

### 3.3 Monitoring Whether Pertinent Medical File Information Sent When Inmates Transfer

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***We recommended the Ministry of Corrections, Policing and Public Safety (formerly Ministry of Corrections and Policing) require staff to transfer inmate medical files between adult secure-custody correctional centres when it moves inmates between centres or former inmates re-enter the system. (2018 Report – Volume 1, p. 34, Recommendation 5; Public Accounts Committee agreement September 25, 2019)***

**Status**—Implemented

The Ministry of Corrections, Policing and Public Safety utilizes a nurse-to-nurse form to provide inmates' critical medical information when inmates transfer between correctional centres.

The Ministry created a nurse-to-nurse form in June 2020, and updated it in December 2021 and June 2022. It communicated the latest form update to nurse managers in June 2022, which included changes to the immunization and COVID-19 testing sections. We note implementing an IT system could facilitate easier and timely transfer of medical file information to correctional centre staff.

We tested 30 inmate transfers and found:

- Nurse-to-nurse forms completed and promptly received by a nurse at the receiving centre for 18 inmate transfers.
- No nurse-to-nurse forms completed for 12 inmate transfers. Only one inmate had a significant medical condition needing documentation on the form.

We also found the Ministry monitors the use of the nurse-to-nurse forms through medical file audits and identified instances of incomplete forms similar to our testing.

Since October 2020, nurse managers conduct medical file audits each quarter, which includes determining whether nurses use nurse-to-nurse forms as intended. We observed communication from the nurse managers to nursing staff about the need to complete nurse-to-nurse forms and fill them out completely when correctional centres transfer inmates between facilities.

Implementing a monitoring process, such as periodic audits, is an effective tool to promote completion of nurse-to-nurse forms. Nurse-to-nurse forms support having an inmate's key medical information available at the correctional centre in which the inmate resides.

### 3.4 Significant Improvement in Responding To and Analyzing Complaints

***We recommended the Ministry of Corrections, Policing and Public Safety (formerly Ministry of Corrections and Policing) formally respond to adult inmate complaints about medical care within timeframes required by The Correctional Services Regulations, 2013. (2018 Report – Volume 1, p. 36, Recommendation 6; Public Accounts Committee agreement September 25, 2019)***

**Status—Implemented**

***We recommended the Ministry of Corrections, Policing and Public Safety (formerly Ministry of Corrections and Policing) analyze complaints about medical care from adult inmates in its secure-custody correctional centres for trends and take corrective action as needed. (2018 Report – Volume 1, p. 37, Recommendation 7; Public Accounts Committee agreement September 25, 2019)***

**Status—Implemented**

The Ministry of Corrections, Policing and Public Safety requires correctional centres to track, analyze and report on complaints (including medical complaints) quarterly to Ministry management. Correctional centres are responding to medical care-related complaints in a more timely manner.

The Ministry has an Inmate Complaint Resolution Process Policy that describes a process for handling inmate complaints. The Policy is consistent with *The Correctional Services Regulations, 2013*, which requires the correctional centre director to respond to inmate complaints within five business days. If, due to exceptional circumstances, the director is unable to make a decision within five business days, the director is expected to provide the inmate with an update regarding the status of the complaint at least once every five business days until a decision is made.

Correctional centres track inmate complaints in spreadsheets and send them to Ministry management on a quarterly basis. We found the spreadsheets included the date complaints were received and date the correctional centre director provided a response.

We undertook a detailed assessment of the quarterly reports submitted to Ministry management by the Saskatoon and Regina correctional centres for one quarter in 2021 compared to 2022. As shown in **Figure 2**, year-over-year analysis for the January to March quarter showed an improvement in the number of days it took to respond to inmate medical complaints.

For example, average days of delayed response dropped from 26 business days to six business days at the Regina Correctional Centre from January–March 2021 to January–March 2022. Also, the range of delays dropped from 2–250 business days to 1–19 business days.

**Figure 2—Medical Complaints at Regina and Saskatoon Correctional Centres**

	Regina (Jan – Mar 2021)	Regina (Jan – Mar 2022)	Saskatoon (Jan – Mar 2021)	Saskatoon (Jan – Mar 2022)
<b>Total medical complaints</b>	<b>25</b>	<b>32</b>	<b>31</b>	<b>63</b>
<b>Total delayed responses (no response within five business days)</b>	13	15	5	7
<b>Range of delay (in business days)</b>	2–250	1–19	1–9	1–8
<b>Average business days delay</b>	26	6	4	3

Source: Adapted from information provided by the Ministry of Corrections, Policing and Public Safety.

Having a mechanism to monitor whether inmate medical complaints are receiving timely and appropriate responses can help identify challenges correctional centres encounter, and ultimately improve timely intervention of inmates' deteriorating health.

The Ministry requires correctional centres to analyze complaints (including medical complaints) and report responses to Ministry management quarterly. As indicated in **Figure 3**, medical complaints are relatively consistent from year to year at about 350 per year.

**Figure 3—Total Medical Complaints between January 2019 and March 2022**

Complaints/Year	2019	2020	2021	2022 (Jan – Mar)
<b>Medical Complaints</b>	350	356	362	91

Source: Adapted from information provided by the Ministry of Corrections, Policing and Public Safety.

We observed each correctional centre analyzing and reporting its analysis of complaints to the Ministry quarterly.

For a sample of eight quarterly complaint reports, we found all four adult secure-custody correctional centres reported on number of medical complaints received, number of complaints responded to within five business days, and actions taken to resolve complaints. We found actions taken to resolve a sample of complaints were reasonable.

Analyzing complaints and responses to them assists the Ministry in identifying systemic issues/trends with respect to inmates' primary medical care and taking proactive action.

### 3.5 Evaluating the Provision of Medical Care to Adult Inmates

***We recommended the Ministry of Corrections, Policing and Public Safety (formerly Ministry of Corrections and Policing), working with the adult secure-custody correctional centres, develop measures for evaluating the provision of medical care to inmates. (2018 Report – Volume 1, p. 38, Recommendation 8; Public Accounts Committee agreement September 25, 2019)***

**Status**—Intent of Recommendation Met

***We recommended the Ministry of Corrections, Policing and Public Safety (formerly Ministry of Corrections and Policing) receive regular reports from adult secure-custody correctional centres on the provision of medical care to inmates. (2018 Report – Volume 1, p. 38, Recommendation 9; Public Accounts Committee agreement September 25, 2019)***

**Status**—Implemented

The Ministry of Corrections, Policing and Public Safety evaluates the provision of medical care to inmates through periodic medical file audits and complaint reports.

As noted in **Section 3.4**, the Ministry is analyzing actions taken in response to medical complaints on a quarterly basis, and the number of medical complaints is staying relatively consistent from year to year.

Correctional centre nurse managers began medical file audits in October 2020, and conduct them every quarter. Medical file audits review inmate medical files (around six files per quarter) to identify issues and to address gaps in the provision of inmate healthcare services.

The Ministry compiles medical file audit results from the four correctional centres into a provincial summary and categorizes issues identified through the audits into themes. The audit file summary also includes comments on resolutions to identified issues.

The most common themes identified through medical file audits include issues related to mental health and addictions care, dental care, and long wait times for physician care. These themes were also consistent with medical complaints to Ministry management.

The Ministry has a health services team comprised of the Director and Deputy Director of Mental Health and Addictions Services and Deputy Director of Health who meet quarterly.

We reviewed meeting minutes between the health services team and correctional centres' medical staff. We found meetings included discussions about complaint reporting and issues identified in medical file audits, as well as ways to resolve issues (e.g., revisit contracts with service providers such as dentists).

Evaluating the provision of medical care can assist the Ministry to determine whether inmates receive care consistent with its policy, and help to guide correctional centres' medical staff in identifying areas of improvement.



## Chapter 15

# eHealth Saskatchewan—Securing Portable Computing Devices

### 1.0 MAIN POINTS

eHealth Saskatchewan is responsible for managing critical IT services used to administer and deliver healthcare services in Saskatchewan, which includes portable computing devices that access the eHealth IT network. Portable computing devices (e.g., laptops, smartphones) create security risks for organizations because they are attractive targets for attackers, may become infected with viruses or malware, and are easy to lose.<sup>1</sup>

By June 2022, eHealth implemented annual security awareness training for all portable computing device users and implemented a centralized system to manage and configure laptops. However, eHealth still needs to:

- Implement adequate configuration settings on all eHealth-managed portable computing devices with access to the eHealth network.

Inappropriate security settings on portable computing devices can expose the devices and the eHealth IT network to viruses and malware.

- Sufficiently control and monitor access to the eHealth IT network to detect and prevent malicious activity.

Portable computing devices create paths to IT networks. Controlling and monitoring eHealth IT network access helps to mitigate the impact of security breaches.

- Work with its health sector partners to improve notification of all lost or stolen portable computing devices so it can appropriately wipe or remove the devices from the network.

Not properly wiping mobile devices or removing laptops from the eHealth IT network if lost or stolen increases the risk of unauthorized access to confidential health information on the device and to the network.

### 2.0 INTRODUCTION

#### 2.1 Background

eHealth Saskatchewan is responsible for managing critical IT services used to administer and deliver healthcare services in Saskatchewan. This includes responsibility for Saskatchewan's electronic health record and health information systems, and IT systems

<sup>1</sup> Malware is software specifically designed to disrupt, damage or gain unauthorized access to computing devices.



in use at the Saskatchewan Health Authority, Saskatchewan Cancer Agency, 3sHealth, and the Ministry of Health.<sup>2</sup>

Almost 15,000 portable computing devices can access the eHealth IT network. Portable computing devices include smartphones, tablets, and laptops.

As of August 2022, eHealth had about 440 staff. Its technology program area is responsible for the configuration and security settings applied to portable computing devices. Its IT security team is responsible for monitoring the security of the eHealth IT network. This network houses critical IT health systems and data essential to the management and delivery of provincial health services along with a significant amount of other private and confidential data (e.g., provincial health card information).

## 2.2 Focus of Follow-Up Audit

This chapter describes our first follow-up audit of management's actions on the seven recommendations we first made in 2020.<sup>3</sup>

In 2019, we assessed eHealth Saskatchewan's processes to secure health information on portable computing devices used in delivery of Saskatchewan health services from unauthorized access. Our *2020 Report – Volume 1*, Chapter 6, concluded that eHealth had effective processes, other than the areas of our seven recommendations.<sup>4</sup>

To conduct this audit engagement, we followed the standards for assurance engagements published in the *CPA Canada Handbook—Assurance* (CSAE 3001). To evaluate eHealth's progress toward meeting our recommendations, we used the relevant criteria from the original audit. eHealth's management agreed with the criteria in the original audit.

To complete this follow-up audit, we discussed actions taken with management. We reviewed eHealth's annual security training program and associated monitoring. We also reviewed policies related to portable device security (e.g., password policy, lost or stolen device policy) and examined network security logs and scans eHealth used to monitor the IT network. In addition, we used an external consultant to assess network access controls and system configuration for a sample of portable computing devices (i.e., laptops and smartphones) against good practice.

## 3.0 STATUS OF RECOMMENDATIONS

This section sets out each recommendation including the date on which the Standing Committee on Public Accounts agreed to the recommendation, the status of the recommendation at June 15, 2022, and eHealth Saskatchewan's actions up to that date.

<sup>2</sup> In January 2017, the Minister of Health directed eHealth to consolidate IT services into a single service that the Authority, Saskatchewan Cancer Agency, and 3sHealth previously provided. eHealth also hosts IT systems used at the Ministry of Health.

<sup>3</sup> In 2021, we followed up on two of the seven recommendations within the annual integrated audit of eHealth. By March 2021, eHealth had partially implemented the two recommendations about IT network access controls and monitoring. *2021 Report – Volume 2, Chapter 3*, pp. 13–17.

<sup>4</sup> *2020 Report – Volume 1, Chapter 6*, pp 47-63.

### 3.1 Security Awareness Training Program Implemented

***We recommended eHealth Saskatchewan work with the Saskatchewan Health Authority to implement an annual security awareness training program for users of portable computing devices with access to the eHealth IT network.*** (2020 Report – Volume 1, p. 53, Recommendation 1; Public Accounts Committee agreement January 12, 2022)

**Status**—Implemented

In 2021, eHealth Saskatchewan implemented an annual security awareness training program for all individuals accessing the eHealth IT network.

eHealth requires all users who can access the eHealth IT network to complete the security awareness training annually. Our review of the training program found it includes a module addressing mobile devices. The module provides users with information about mobile device security vulnerabilities and best practices for protection (e.g., strong passwords; encrypting sensitive, personal or confidential information in outgoing communication; deleting email and text messages from unknown senders).

We found eHealth monitors user completion rates for the training program on a monthly basis and sends reminders to each respective health sector agency (i.e., Saskatchewan Health Authority, Saskatchewan Cancer Agency, 3sHealth, Ministry of Health) for enforcement. As of June 2022, 89% of users completed information security awareness training.

In addition, we found eHealth established a process in 2021 for its health sector partners to request simulated phishing campaigns at their respective agencies.<sup>5</sup> During 2021, eHealth conducted phishing campaigns at eHealth, 3sHealth, and the Ministry of Health. About 86% of users passed the simulation (e.g., did not click on an attachment or link within the suspicious email). Individuals that did not pass were required to complete an additional training module on cybersecurity and phishing. eHealth expected to conduct its next phishing campaign in November 2022.

Ongoing training reinforces user awareness of good security practices to limit the risk of significant incidents and to protect the eHealth IT network from attacks (e.g., malware).

### 3.2 Plan to Mitigate Laptop Security Threats and Vulnerabilities in Progress

***We recommended eHealth Saskatchewan implement a written risk-informed plan to protect laptops with access to the eHealth IT network from security threats and vulnerabilities.*** (2020 Report – Volume 1, p. 56, Recommendation 2; Public Accounts Committee agreement January 12, 2022)

**Status**—Partially Implemented

<sup>5</sup> Simulated phishing campaigns are where deceptive emails, similar to malicious emails, are sent by an organization to their own staff to gauge their response to similar phishing and email attacks.





In 2021, eHealth implemented a centralized system to manage and configure laptop devices, updated its standard laptop configuration, and started upgrading laptops to the new standard. However, eHealth needs to complete a formal risk assessment to determine whether they are willing to accept the risks of users' ability to use the USB ports in laptops and their ability to access the device's input/output (i.e., BIOS) settings.<sup>6</sup>

eHealth's IT network houses critical IT health systems and data essential to the delivery of provincial health services. Since 2020, we found eHealth took the following actions to help mitigate security threats and vulnerabilities on laptops with access to the eHealth IT network:

- Implemented a central configuration manager program to manage and configure about 22,000 devices, including laptops, with access to the eHealth IT network.<sup>7,8</sup>
- Updated its standard laptop configuration settings and is working toward upgrading all managed laptops to the new standard. We found the standard configuration aligns with good practice such that it uses a supported operating system (i.e., Windows 10), includes encryption, and does not include CD/DVD burners.<sup>9</sup> We examined three laptops from former health regions that previously used inconsistent system configurations and found all three laptops utilized the new standard configuration settings.

At June 2022, 84% of managed laptops used a supported operating system (i.e., Windows 10). The remaining laptops use Microsoft's Windows 7 Operating System. eHealth plans to implement Windows 10 on its remaining laptops or implement controls to mitigate risks (e.g., network segmentation) by December 2022.

Microsoft no longer supports its Windows 7 Operating System as of January 14, 2020 (i.e., no longer provides security patches or updates). The inability to process security patches and updates does not permit eHealth to provide all of its managed laptops with protection against known vulnerabilities.

Also at June 2022, 71% of devices use encryption. eHealth plans to address encryption issues as it replaces its old laptops in 2023.

Protecting laptops through encryption helps reduce the risk of compromise in the event the laptop is lost or stolen. Encrypted laptops could also protect eHealth from unauthorized individuals gaining access to locally stored passwords and the eHealth IT network.

While eHealth made some improvements to its standard laptop configuration settings, we found eHealth continues to permit unrestricted use of USB ports in laptops. Blocking the

<sup>6</sup> BIOS (basic input/output system) is the program a computer's microprocessor uses to start the computer system after it is powered on. It also manages data flow between the computer's operating system and attached devices, such as the hard disk, video adapter, keyboard, mouse and printer. BIOS security is a component of cybersecurity that organizations should manage to prevent hackers from executing malicious code on the operating system. [www.techtarget.com/whatis/definition/BIOS-basic-input-output-system](https://www.techtarget.com/whatis/definition/BIOS-basic-input-output-system) (24 August 2022).

<sup>7</sup> Microsoft's System Centre Configuration Manager [SCCM] allows IT staff to manage a large number of Windows-based computers. SCCM features remote control, patch management, operating system (e.g., Windows) deployment, and other various services. SCCM can roll out anti-virus and anti-malware updates, operating system security updates and patches, and security configurations to laptops in a consistent manner.

<sup>8</sup> This includes all eHealth managed laptops and desktops.

<sup>9</sup> Good practice views USBs, CDs, and DVD burners as unsecure tools.

USB ports can prevent devices from downloading data, or uploading malicious software and tools.

In addition, our review of the standard configuration found users have access to the BIOS settings—permitting users to control device settings at the hardware level. eHealth has yet to complete a formal risk assessment to determine whether they are willing to accept the risks of users' ability to use the USB ports in laptops or ability to access the BIOS settings.

### 3.3 Central Mobile Device Manager Needed

***We recommended eHealth Saskatchewan standardize the configuration settings for mobile devices with access to the eHealth IT network to mitigate associated security threats and vulnerabilities.*** (2020 Report – Volume 1, p. 59, Recommendation 3; Public Accounts Committee agreement January 12, 2022)

**Status**—Partially Implemented

***We recommended eHealth Saskatchewan analyze the cost-benefits of use of a central mobile device management system to secure and monitor mobile devices with access to the eHealth IT network.*** (2020 Report – Volume 1, p. 59, Recommendation 4; Public Accounts Committee agreement January 12, 2022)

**Status**—Partially Implemented

While eHealth made improvements to mobile devices' (e.g., smartphones) auto lock settings and began piloting a central mobile device management tool, it has not fully standardized its configuration settings for mobile devices with access to the eHealth network. Configuration settings continue to not align with good practice in several areas (e.g., password requirements, use of jailbroken or rooted devices, use of containerization).<sup>10,11</sup>

At June 2022, eHealth is responsible for 5,500 mobile devices. eHealth's configuration of mobile devices differs based on each health sector agency (e.g., eHealth, Saskatchewan Health Authority) and location. Since 2019, eHealth uses three mobile device management tools to manage mobile devices with access to the eHealth network. It is piloting one of these systems for implementation as its central mobile device management system for all health sector agencies by the end of 2022–23.

Fully implementing a central mobile device management system and requiring staff to have their mobile devices registered on that system would help to ensure only authorized users have access to corporate emails, contacts, or calendars.

<sup>10</sup> Jail Break/Rooting: Bypassing the restrictions placed on the mobile device by the manufacturer. With a jailbroken mobile device, you can install apps and change settings not authorized by the manufacturer. Additionally, it removes the default security protections built into the mobile device by the manufacturer.

<sup>11</sup> Containerization creates a secure and segregated user profile from the staff's personal profile. This approach isolates applications and data specific to the organization from the staff's personal applications and data.



We tested eHealth's mobile device standard configuration settings and found:

- **Auto lock settings aligned with good practice.** We found eHealth configured its mobile device management system to lock mobile devices after five minutes of inactivity—consistent with good practice.
- **Password settings do not align with good practice.** Good practice suggests mobile device passwords require six characters, restrict the use of sequential characters, and restrict the use of repetitive characters.

We found eHealth provides guidance to staff on passwords. Its policy requires a password to be at least four characters in length and discourages, but does not prohibit, the use of sequential and repetitive characters. For example, our testing found the standard configuration accepts using '0000' as a password.

Password requirements not in alignment with good practice increase the risk of compromised mobile devices.

- **Not all jailbroken/rooted devices blocked.** Good practice suggests blocking the use of jailbroken/rooted devices for corporate usage as these devices may be used to bypass manufacturer restrictions and security protections, exposing the device and eHealth IT network to attack.

At June 2022, eHealth had yet to complete a formal assessment on mobile device configuration settings and continued to allow jailbroken and rooted devices on the eHealth IT network.

- **Containerization not used.** Good practice suggests the use of containerization to separate personal usage of mobile devices from corporate usage. Lack of containerization increases the risk of attack from personal use of mobile devices.

At June 2022, eHealth had yet to complete a formal assessment of containerization. It also continued to not use containerization to segregate corporate and personal applications and data, even though staff can use mobile devices for personal use.

- **No restrictions on application downloads.** Good practice suggests restricting downloads on mobile devices to only corporate-approved applications and stores. Mobile device management systems do not restrict these types of downloads.

When testing an eHealth-managed mobile device (i.e., smartphone), we found the configuration allowed for unlimited downloading of app store applications. This increases the risk of inappropriate applications downloaded to corporate mobile devices and the risk of users installing malware on corporate mobile devices.

Inconsistent configuration settings on mobile devices results in increased security risks. Well-configured security settings can protect the eHealth IT network from malicious software by limiting what users can access on their mobile devices through containerization, and applying restrictions on applications.

### 3.4 Need Coordination with Health Partners to Centrally Track Lost or Stolen Portable Devices

***We recommended eHealth Saskatchewan take appropriate action to minimize the risk of security breaches when a portable computing device is reported lost or stolen.*** (2020 Report – Volume 1, p. 60, Recommendation 5; Public Accounts Committee agreement January 12, 2022)

**Status**—Not Implemented

eHealth does not know the full extent of lost or stolen portable computing devices at the health sector agencies to which it provides services.

While eHealth knows the extent of lost or stolen portable computing devices within its own organization (i.e., zero since our 2020 audit), it does not have a mechanism to centrally track lost or stolen devices it manages for other health sector agencies (e.g., Saskatchewan Health Authority). As a result, eHealth does not know whether it appropriately wiped (i.e., smartphones) or removed from the network (i.e., laptops) all lost or stolen eHealth-managed devices.

Using information obtained from the Saskatchewan Health Authority, we tested a sample of five lost or stolen devices managed by eHealth. For four of the devices tested, we found eHealth was unable to find evidence that the Authority reported the devices to eHealth (i.e., through tickets submitted to its IT service desk), or that it appropriately wiped or removed the devices from the network.

eHealth needs to work with its health sector partners to improve its receipt of notification of all lost or stolen devices so it can appropriately wipe or remove the devices from the network.

Not taking appropriate action to address lost or stolen portable computing devices increases the risk of unauthorized access to the network, putting personal health information at risk.

### 3.5 Network Access Controls Needed

***We recommended eHealth Saskatchewan implement a risk-based plan for controlling network access to mitigate the impact of security breaches.*** (2020 Report – Volume 1, p. 61, Recommendation 6; Public Accounts Committee agreement January 12, 2022)

**Status**—Partially Implemented

eHealth needs to implement its plan to control network access.



eHealth is working toward centralized network access controls for all health sector agencies and network access ports.<sup>12</sup> eHealth plans to pilot network access controls in one medium and one large healthcare facility (e.g., hospital) by the end of March 31, 2023, with full rollout timelines determined after the pilot program.

Without network access controls, eHealth does not sufficiently control access to the eHealth IT network. eHealth does not restrict where users and devices can go on the eHealth IT network and what they can do.

Establishing IT network access controls to restrict the access of users to only what they need at any given time makes it much harder for attackers to escalate privileges and take aim at vital assets (in the event a portable device is compromised). Good practice also suggests the use of network segmentation to limit movement across a network in the event an attacker gains unauthorized access to a network.

Without adequate security on network access ports, the eHealth IT network may be vulnerable to attack through these open ports. Controlling IT network access helps to mitigate the risk of security breaches, and the extent of breaches.

### 3.6 Limited Progress on Improved Network Access Monitoring

***We recommended eHealth Saskatchewan utilize key network security logs and scans to effectively monitor the eHealth IT network and detect malicious activity.*** (2020 Report – Volume 1, p. 62, Recommendation 7; Public Accounts Committee agreement January 12, 2022)

**Status**—Partially Implemented

eHealth is working to secure a Managed Security Service Provider (MSSP) to help manage the security of the IT network.

eHealth continues to monitor pieces of the eHealth IT network; however, it does not scan all areas of the IT network. eHealth needs additional security tools and monitoring capabilities to detect, prevent and control malicious activity.

At June 2022, eHealth is working to secure a MSSP to manage and monitor security devices and systems. It expects the MSSP will monitor network security on a 24/7 basis and focus on preventing, detecting, analyzing and responding to cybersecurity incidents.

Without effective IT network monitoring, eHealth may not detect malicious activity and mitigate risks of a successful attack on its corporate network within sufficient time to prevent a security breach.

<sup>12</sup> Network Access Control (NAC) is the process of restricting unauthorized users and devices from gaining access to a corporate or private network. NAC ensures that only authenticated users and devices that are authorized and compliant with security policies can enter the network. [www.fortinet.com/resources/cyberglossary/what-is-network-access-control](https://www.fortinet.com/resources/cyberglossary/what-is-network-access-control) (25 August 2022).

## Chapter 16 Environment—Sustainable Fish Population Management

### 1.0 MAIN POINTS

By July 2022, of the nine recommendations we made in 2019 in regards to managing freshwater fish populations in a sustainable manner, the Ministry of Environment implemented seven recommendations, partially implemented one recommendation, and we determined one recommendation was no longer relevant.

There are over 50,000 water bodies in Saskatchewan with fish populations.<sup>1</sup> The Ministry uses water body assessments to collect information on the health and population of fish. These assessments entail collecting information about fish populations (e.g., size, weight, maturity) to make decisions (e.g., adjusting catch limits, adding fish) to ensure healthy fish populations are available for a long time.

In line with good practice, the Ministry now expects to assess water bodies determined to be highest priority (based on risk) every 8–10 years. It determines the assessment frequency for the remaining water bodies using a risk-based approach. By July 2022, the Ministry assigned priority scores to 325 water bodies. It determined nine water bodies as highest priority.

Ministry staff followed improved guidance for completing water body assessments. Improved guidance provides staff with written, standardized, science-based protocols for field data collection as well as for reporting on fish populations and their health. A new assessment template also ensures proper documentation of water body assessments. The new guidance contributed to the Ministry improving timeliness of water body assessment reports to allow fish catch limits to be changed (where required) before it publishes its annual Anglers Guide.

The Ministry also created specific plans for managing fish populations for three of the nine highest priority water bodies. However, the plans do not include sustainability targets for fish populations the Ministry strives to maintain in the highest priority water bodies; without clear fish population sustainability targets, it is difficult to determine whether a healthy fish population exists in Saskatchewan water bodies.

Effective fish population management is critical to sustainable fisheries today, and for future generations.

### 2.0 INTRODUCTION

#### 2.1 Background

The Ministry of Environment is responsible for managing freshwater fish populations in a sustainable manner. It monitors fish populations to detect changes resulting from harvest, environmental conditions, and stocking.<sup>2</sup>

<sup>1</sup> Ministry of Environment, *Fisheries Management Plan* (2010), p. 2, (14 October 2022).

<sup>2</sup> Ministry of Environment, *Fish Population Monitoring*. (14 October 2022).



In Saskatchewan, an estimated 50,000 water bodies contain fish with the majority in the northern half of the province. These waters contain 69 fish species with 58 species native to Saskatchewan and 11 introduced or invasive species. Most fishing and harvesting in the province focuses on five primary species: Northern Pike, Walleye, Yellow Perch, Lake Trout, and Lake Whitefish.<sup>3</sup>

In 2021–22, the Ministry spent about \$13.9 million on conserving fish and wildlife populations and maintaining biodiversity, including approximately \$4.3 million for the Fish and Wildlife Development Fund.<sup>4</sup> The purpose of the Ministry-administered Fund is to maintain natural habitats including maintaining and growing sustainable fish populations and their habitats, as well as maintaining game populations and accessible hunting.<sup>5</sup>

Fish, although a renewable resource, are at risk without proper management. Each fish caught or harvested should benefit the angler while minimizing the impact to the ecosystem. In addition, sustainable fishing allows the remaining fish to populate.

## 2.2 Focus of Follow-Up Audit

This chapter describes our first follow-up audit of management's actions on the nine recommendations we made in 2019.<sup>6</sup>

In 2019, we assessed the Ministry of Environment's processes to manage fish populations in a sustainable manner. Our *2019 Report – Volume 2*, Chapter 21, concluded that for the 12-month period ended July 31, 2019, the Ministry had, except for the nine areas where we made recommendations, effective processes to manage freshwater fish populations in a sustainable manner.

To conduct this audit engagement, we followed the standards for assurance engagements published in the *CPA Canada Handbook—Assurance* (CSAE 3001). To evaluate the Ministry of Environment's progress toward meeting our recommendations, we used the relevant criteria from the original audit. The Ministry's management agreed with the criteria in the original audit.

To complete this follow-up audit, we discussed actions taken with management. We reviewed assessments completed on water bodies, priority rankings of water bodies, and policies and procedure manuals for monitoring fish populations. We consulted with an independent consultant with subject matter expertise in the area of fish management.

## 3.0 STATUS OF RECOMMENDATIONS

This section sets out each recommendation including the date on which the Standing Committee on Public Accounts agreed to the recommendation, the status of the recommendation at July 31, 2022, and the Ministry of Environment's actions up to that date.

<sup>3</sup> Ministry of Environment, *Fisheries Management Plan* (2010), p. 2, (14 October 2022).

<sup>4</sup> Ministry of Environment *Annual Report for 2021–22*, p. 13.

<sup>5</sup> [www.saskatchewan.ca/residents/parks-culture-heritage-and-sport/hunting-trapping-and-angling/fish-and-wildlife-development-fund](http://www.saskatchewan.ca/residents/parks-culture-heritage-and-sport/hunting-trapping-and-angling/fish-and-wildlife-development-fund) (20 October 2022).

<sup>6</sup> *2019 Report – Volume 2*, Chapter 21, pp. 135–154.



### 3.1 Collection and Reporting Protocols for Water Body Assessments Established

***We recommended the Ministry of Environment give staff written, standardized, science-based protocols for field data collection and reporting on fish populations and their health. (2019 Report – Volume 2, p. 143, Recommendation 2; Public Accounts Committee agreement February 9, 2021)***

**Status—Implemented**

The Ministry of Environment drafted a procedures manual for staff to provide guidance on standardizing field data collection and reporting on fish populations and their health.

The Ministry uses water body assessments to collect information on the health and population of fisheries. A critical component of a water body assessment is sampling methodology, including the number and placement of nets (i.e., gill and trap nets), and the minimum number of fish required (i.e., sample size) to estimate the health of the population in the lake.<sup>7</sup>

At July 31, 2022, the Ministry drafted a procedures manual for all significant processes in field data collection and reporting using good practice and science-based protocols. The procedures manual will be formally approved in fall 2022. We reviewed the draft procedures manual and found it contained reasonable guidance to staff on all significant processes (e.g., field data collection, sample collection and extrapolations) to monitor the health of fish populations.

We observed the Ministry using its draft procedures manual in summer 2022. For example, we reviewed draft water body assessment reports from 2021 and they aligned with new protocols and reporting standards in the draft procedures manual.

Using consistent, appropriate approaches to sample fish from one water body to the next, and to analyze results, helps ensure comparability of results and consistent analysis.

### 3.2 Water Bodies and Fish Populations Assessed Based on Risk

***We recommended the Ministry of Environment keep its listing of lakes, and associated priority categories used to determine the frequency of assessing fish populations of water bodies up to date and accurate. (2019 Report – Volume 2, p. 144, Recommendation 3; Public Accounts Committee agreement February 9, 2021)***

**Status—Implemented**

<sup>7</sup> A gill net is a type of net used to catch fish for sampling; this type of sampling is lethal. Varying sizes of mesh squares make up the length of the net, which is designed for fish to swim into. However, trap nets catch fish for sampling and house them within the net until sampling is complete; this type of net is not lethal.





***We recommended the Ministry of Environment assess fish populations including their health using intervals determined through a scientific, risk-based approach.*** (2019 Report – Volume 2, p. 146, Recommendation 4; Public Accounts Committee agreement February 9, 2021)

**Status—Implemented**

The Ministry of Environment developed a new matrix to determine high-risk water bodies to prioritize them for water body assessments. Priority level 1 water bodies (e.g., lakes) are assessed every 8–10 years in line with good practice and priority level 2 to priority level 4 water bodies are assessed using a risk-based approach. Overall, priority level 1 water body assessments are completed consistent with set frequency.

The Ministry developed a new ranking system that prioritizes lakes based on the type of fish in the lake, the usage of the lake (e.g., commercial, sustenance fishing), and environmental factors. The Ministry uses its ranking system to rank water bodies from priority level 1 to priority level 4. The priority score assigned to a water body determines how frequently the Ministry assesses the health of the fish population in that water body. The risk-based approach to prioritizing water bodies aligns with good practice.

As shown in **Figure 1**, the Ministry plans to assess, through water body assessments, priority level 1 water bodies every 8–10 years. It based this interval on the lifecycle of Walleye (the most sought after fish in Saskatchewan) and the interval is in line with good practice. It identified nine priority level 1 water bodies.<sup>8</sup>

**Figure 1—Water Body Priority Categories and Monitoring Frequency**

Priority Category	Monitoring Frequency 2019	Monitoring Frequency 2022
Priority 1	3–5 years	8–10 years
Priority 2	5–7 years	Risk-based
Priority 3	7–9 years	
Priority 4	10+ years	

Source: Adapted from Ministry of Environment information.

The Ministry plans to assess priority level 2 to priority level 4 water bodies based on risk. The Ministry sets annual work plans each spring outlining the water bodies planned for assessment. Management indicated the Ministry's Fisheries Unit discusses the proposed work plan and rationale for selecting water bodies before it finalizes the work plan. It considers:

- Unexpected events (e.g., potential population decline due to identified winterkill)<sup>9</sup>
- Environmental changes (e.g., change in water levels)
- Angling pressures (e.g., increased fishing due to a campground expansion)
- Proximity to other planned water bodies to be assessed

<sup>8</sup> The nine priority level 1 water bodies are Candle Lake, Tobin Lake, Last Mountain Lake, Diefenbaker Lake, Lac la Ronge, Chitek Lake, Dore Lake, Otter Lake, Blackstrap Reservoir.

<sup>9</sup> Winterkill is the most common fish mortality event generally caused by a depletion of dissolved oxygen, especially in smaller bodies of water. Although the fish typically die during the winter months, dead fish are observed floating at the surface when the ice starts to break up in the spring.

We assessed the Fisheries Unit meeting minutes for 2020 and 2022, and found the minutes provide limited documented rationale for selected priority level 2 to priority level 4 water bodies.<sup>10</sup> The minutes indicated discussion of priorities occurred, but did not document specific rationale. We suggest that the Ministry fully document rationale for water bodies chosen in its finalized annual work plan and/or meeting minutes. As shown in **Figure 2**, the Ministry conducted 10 water body assessments in 2021 of priority level 2 – 4 water bodies.

By July 2022, the Ministry assigned new priority scores to 325 out of about 50,000 water bodies that contain fish using its new priority matrix.<sup>11</sup> We tested 27 updated water body priority scores and found the Ministry calculated them consistent with the new priority matrix requirements.

As shown in **Figure 2**, the Ministry completed 38 water body assessments between 2019 and 2021, including three priority 1 water bodies assessed in 2021.

**Figure 2—Water Body Assessments Completed From 2019 to 2021**

Priority Category	2019	2020	2021
Priority 1	0	0	3
Priority 2	2	1	3
Priority 3	4	5	4
Priority 4	11	2	3
<b>Total</b>	<b>17</b>	<b>8</b>	<b>13</b>

Source: Adapted from Ministry of Environment records.

We assessed whether the Ministry completed priority 1 water body assessments in line with expected intervals. For the nine priority 1 water bodies, the Ministry assessed water bodies in line with intervals in eight instances. For the one remaining priority 1 water body, it plans to complete the assessment three years later than expected (e.g., 13 years after the last assessment).<sup>12</sup>

Completing water body assessments consistent with risk-based frequencies helps ensure the Ministry collects sufficient information to detect changes in fish population or fish health within a water body, particularly those assessed as high-risk water bodies. This enables it to take timely action to avoid potentially irreversible declines in overall fish population and health of key fish species.

### 3.3 Water Body Assessment Reports Improved

***We recommended the Ministry of Environment document, in its reports of fish populations and health of assessed water bodies, key decisions (e.g., key assumptions, sampling methods and sizes). (2019 Report – Volume 2, p. 149, Recommendation 7; Public Accounts Committee agreement February 9, 2021)***

**Status—Implemented**

<sup>10</sup> The Fisheries Unit was unable to have in-person meetings in 2021 due to the COVID-19 pandemic. The Fisheries Unit met virtually, however, no meeting minutes were kept for 2021.

<sup>11</sup> The Ministry applies its risk-based approach (i.e., priority matrix) only to water bodies with reasonable road, trail or boat access. It examines remote waters only if the lake hosts multiple fishery uses, and identified issues justify the expense required to study them.

<sup>12</sup> The Ministry planned to complete a water body assessment at Last Mountain Lake in 2021 (planned one year late; 11 years after the last assessment). Due to the pandemic this was delayed by two years.



The Ministry of Environment implemented a new report template that requires staff completing water body assessments to document key assumptions and decisions made as well as sampling methods used, including number of nets, placements and sizes.

We assessed five water body assessment reports from 2020 and 2021 and found each report contained sufficient detail and followed the Ministry's template as expected. The reports sufficiently documented sampling decisions and appropriately referenced good practice used in determining key assumptions.

The implemented template allows for standardization in water body assessment sampling and increased documentation for assumptions made, increasing reliability of results from water body assessments.

### 3.4 Specific Fish Population Management Plans for High-Usage Water Bodies In Progress

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***We recommended the Ministry of Environment create specific management plans for key high-risk fish species and/or high-usage water bodies.***

*(2019 Report – Volume 2, p. 147, Recommendation 6; Public Accounts Committee agreement February 9, 2021)*

**Status**—Partially Implemented

The Ministry of Environment only created management plans for three of the nine key high-usage water bodies as part of its water body assessment process. The plans created do not include sustainability targets for fish in the water body (e.g., fish size and weight, population sizes). Setting clear sustainability targets for fish in water bodies is important to define what the Ministry considers a healthy fish population, and to determine when to change management activities (e.g., restrictions).

A fish management plan is a plan, using fish population data from water body assessments, of specific actions to manage fish populations in a water body. It would compare fish population data to set sustainability targets (e.g., fish population by age group) and, where the population is less than needed, would plan specific actions or interventions to increase the population over time.

The Ministry implemented a new water body assessment template that requires management to consider impacts of changes observed in the fish population from the last water body assessment. Management considers interventions (e.g., restrictions on size of fish caught that can be kept, catch and release) where necessary to protect the fish population which align with good practice. For example, for one report we assessed, management determined no interventions to the fish populations were required and that the population should be assessed again in 7–10 years. Additionally, management recommended reiterating best practices for catch and release fishing in certain areas to decrease the mortality rate of fish caught above size limits.

The Ministry had only completed management plans for three of its nine water bodies determined to be high risk (i.e., priority level 1). It expected to complete the remaining

six management plans when it finalizes the next scheduled water body assessments (i.e., 8–10 years from last assessment per its assessment frequency in **Figure 1**).

The three management plans we assessed did not set sustainability targets for fish. The new template did not require staff to establish fish population sustainability targets (e.g., acceptable population ranges used during trend analysis that it considers to allow the fish population to remain sustainable).

The management plans we assessed did compare the fish population information from the last water body assessment to previous water body assessments (e.g., to identify trends in number of fish caught, number of fish by species caught, and changes in relative weight, size [e.g., fish length], and maturity). However, because the plans included no sustainability targets for fish populations, there was no indication of when the Ministry would take corrective action (e.g., how big of a decline in fish population would trigger new actions such as adding fishing restrictions for a specific species of fish).

Not having clear fish population sustainability targets increase the risk that the Ministry does not take actions appropriate to maintain the fish populations in high-usage water bodies.

### 3.5 Timeliness of Water Body Assessment Reports Improving

***We recommended the Ministry of Environment finalize analysis of fish data collected from water body assessments in a reasonable timeframe to allow for consideration before the next assessment season.*** (2019 Report – Volume 2, p. 149, Recommendation 8; Public Accounts Committee agreement February 9, 2021)

**Status**—Implemented

The Ministry of Environment improved timeliness of water body assessments by setting a target for water body assessment reports to be drafted by the end of the fiscal year the assessment occurred, with completion of the final report by the end of the following fiscal year. In 2019, the Ministry did not have set timelines for completing reports.

We reviewed five water body assessment reports from 2020 and 2021 and found that the Ministry prepared four reports within target timelines. One report had a target timeline for completion of March 31, 2022, however, it is still in draft as of October 2022.

In 2019, we identified 62% of water body assessment reports completed timely. In 2022, the Ministry improved to 80% completed timely.

The Ministry now requires the water body assessment report to include analysis for data collected during fieldwork before the end of the fiscal year the assessment occurred. In addition to fish-aging information, the Ministry analyzes the fish size, weight, and maturity for each species caught during the water body assessment.<sup>13</sup> The improved timeliness of

<sup>13</sup> The Ministry contracts out the analysis of the fish-aging process, which involves analyzing fish bone. It usually receives the results in March, following the summer assessment period.



analysis for fish size, weight, and maturity gives management critical information required to make changes to the Anglers Guide, if required, published each April.<sup>14</sup>

Completing timely water body assessments enables the Ministry to appropriately respond to significant changes in the health of fish populations (e.g., restricting sizes of fish anglers can keep).

### 3.6 Assistance from Commercial Fishers in Assessing Fish Population Health Considered

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***We recommended the Ministry of Environment consider adopting the emerging practice of asking commercial fishers to submit additional key information about the health of fish populations in water bodies they use.***

*(2019 Report – Volume 2, p. 147, Recommendation 5; Public Accounts Committee agreement February 9, 2021)*

**Status**—Implemented

The Ministry of Environment considered receiving additional information on fish caught (e.g., size, length, maturity) from commercial fishers; however, it determined the practice is not practicable.

The Ministry monitors the health of fish populations in water bodies subject to commercial fishing. It receives weight information on commercial catches from commercial fishers for about 200 water bodies annually.

The Ministry considered receiving additional information from commercial fishers but determined the additional information would be burdensome on commercial fishers and not practical. We found other jurisdictions are not currently using this practice either.

### 3.7 Fisheries Management Plan Action Items Completed

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***We recommended the Ministry of Environment formally determine resources needed to meet timeframes outlined in its Fisheries Management Plan.*** *(2019 Report – Volume 2, p. 142, Recommendation 1; Public Accounts Committee agreement February 9, 2021)*

**Status**—Implemented

***We recommended the Ministry of Environment develop a detailed strategy to assess the effectiveness of the Fisheries Management Plan including determining its success.*** *(2019 Report – Volume 2, p. 152, Recommendation 9; Public Accounts Committee agreement February 9, 2021)*

**Status**—No Longer Relevant

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<sup>14</sup> The Ministry publishes its Anglers Guide online in April, which includes detailed rules that guide fishing (e.g., specific catch limits for each water body). For example, it published its [2022–23 Anglers Guide](#) on April 4, 2022 (17 October 2022).

By July 2022, the Ministry of Environment completed the actions in its 2010 Fisheries Management Plan and expects to have a new plan in 2023–24.

The Ministry's 2010 Fisheries Management Plan set 51 action items. The Plan included strategies to monitor and manage freshwater fish populations and changes affecting populations. The Ministry conducted a review of the status of action items in 2015. Our 2019 audit found the Ministry was implementing action items slower than the Plan's timelines.

The Ministry completed a review of its 2010 Plan in 2022 and determined all action items were completed, as well as completed the action items without needing to formally determine resources required to do so. For four action items completed since our original audit, we found the Ministry had sufficient evidence to support the complete status. Completing key identified activities assists with maintaining sustainable freshwater fish populations.

As the 2010 Fisheries Management Plan is complete, the Ministry no longer needs to develop a strategy to assess effectiveness of the Plan. Rather, setting sustainability targets for fish in water bodies to determine whether fish populations remain sustainable (see **Section 3.4**) is still important.

The Ministry indicated it plans to complete a new fisheries management plan in 2023–24 that aligns with its other management plans (e.g., wildlife, habitat) and considers resources available to manage all of these activities. We suggest the Ministry determine how it will assess the success of the new plan.



## Chapter 17

# Finance—Monitoring the Fuel Tax Exemption Program

### 1.0 MAIN POINTS

Tax expenditures (exemptions) reduce the amount of taxes levied on select individuals and/or corporations. Because tax expenditures result in lower revenues for the Government, legislators must have a clear understanding of what specific tax expenditures (like the fuel tax exemption program) are expected to achieve, and whether they are achieving the intended results. For 2022–23, the Ministry of Finance expects to levy about \$139.1 million less fuel tax revenue because of its fuel tax exemption program.

By August 2022, the Ministry made some progress toward implementing the four remaining recommendations we initially made in our 2016 audit of its processes to monitor whether the fuel tax exemption program is achieving its program objectives. The Ministry documented key assumptions used to estimate tax expenditures in the Provincial Budget.

The Ministry has yet to sufficiently set out how it plans to measure and analyze the success of the fuel tax exemption program, and periodically publish the achievements of the program.

Having sufficient, measurable program objectives and strong processes to evaluate and report on the achievements of the fuel tax exemption program is key to enable Ministry management and legislators to make informed decisions about the program.

### 2.0 INTRODUCTION

#### 2.1 Background

The Government of Saskatchewan, like other governments, uses tax expenditures to promote specific policy objectives, such as social or economic goals, or to encourage desired behaviours, without incurring direct costs.

Tax expenditures reduce the amount of taxes that select individuals or corporations pay to the government through exemptions, deductions, tax credits, preferential tax rates, or deferrals.<sup>1</sup> These tax expenditures provide assistance to a variety of individuals and businesses, including farmers, families, senior citizens and small businesses.<sup>2</sup> Tax expenditures result in less revenue for governments. The Ministry of Finance develops and implements tax policy for the Government of Saskatchewan, including the Government's use of tax expenditures.

Because the use of tax expenditures results in lower revenues, the Government must know what it expects to achieve by using tax expenditures, and whether these expenditures are

<sup>1</sup> Examples of tax expenditures include exemptions for basic groceries and reading materials from provincial sales tax, deductions for registered retirement savings plan contributions for personal income tax, and credits for investing in manufacturing and processing activities for corporate income tax.

<sup>2</sup> Government of Saskatchewan, *Saskatchewan Provincial Budget 22–23*, p. 64.





achieving the intended result. **Figure 1** shows the actual or estimated amount of revenue forgone because of tax expenditures for the last four years.

**Figure 1—Value of Tax Expenditures**

	2019 Actual	2020 Revised <sup>A</sup>	2021 Revised <sup>A</sup>	2022 Estimate
All Tax Expenditures	\$3.7 billion	\$3.7 billion	\$4.0 billion	\$4.1 billion
Fuel Tax Exemption Program	\$122.9 million	\$130.4 million	\$133.5 million	\$139.1 million

Source: Government of Saskatchewan, *Saskatchewan Provincial Budget 22–23*, pp. 66–67.

<sup>A</sup> The Ministry updates its actual amounts each year as new or additional information becomes available.

The Ministry of Finance administers most of the Government's tax expenditure programs, including the fuel tax exemption program.

The fuel tax exemption program has not changed substantially since established in 1987.

The fuel tax exemption program applies to marked diesel fuel purchased by permit holders. Those eligible to become permit holders are: qualified farmers, primary producers of renewable resources (e.g., commercial fishers, trappers, and loggers) and consumers of heating fuel. The program allows those permit holders to purchase fuel tax-free for use in specified activities (e.g., to operate machinery used in farming operations).<sup>3</sup>

In 2022–23, the Ministry estimates it will collect \$507.9 million (2021–22 actual: \$497.9 million) in fuel tax revenues and forego \$139.1 million (2021–22: \$133.5 million) of fuel tax revenues as a result of providing the program.<sup>4,5</sup>

## 2.2 Focus of Follow-Up Audit

This chapter describes our second follow-up audit of management's actions on the recommendations we made in 2016 about the Ministry's processes to monitor whether its fuel tax exemption program is achieving program objectives. In our *2016 Report – Volume 1*, Chapter 8, we concluded that the Ministry had, other than for the areas of six recommendations, effective processes to monitor whether its fuel tax exemption program is achieving program objectives.<sup>6</sup>

Our *2019 Report – Volume 1*, Chapter 24, concluded that by January 31, 2019, the Ministry implemented two of the six recommendations we made in the original audit.<sup>7</sup>

To conduct this audit engagement, we followed the standards for assurance engagements published in the *CPA Canada Handbook—Assurance* (CSAE 3001). To evaluate the Ministry's progress toward meeting our recommendations, we used the relevant criteria from the original audit. Ministry management agreed with the criteria in the original audit.

<sup>3</sup> The Minister of Finance is responsible for *The Fuel Tax and Road Use Charge Act*. The Act imposes a tax on persons importing or purchasing fuel in Saskatchewan. The Act also allows for certain individuals to purchase tax-exempt fuel.

<sup>4</sup> Government of Saskatchewan, *Saskatchewan Provincial Budget 22–23*, p. 84.

<sup>5</sup> Ibid., p. 66.

<sup>6</sup> *2016 Report – Volume 1*, Chapter 8, pp. 69–83.

<sup>7</sup> *2019 Report – Volume 1*, Chapter 24, pp. 257–262.

In this follow-up audit, we discussed actions taken since the last follow-up audit in 2019 with Ministry management. We reviewed Ministry documentation related to addressing the areas of our recommendations, including annual budget documents.

## 3.0 STATUS OF RECOMMENDATIONS

This section sets out each recommendation including the date on which the Standing Committee on Public Accounts agreed to the recommendation, the status of the recommendation at August 31, 2022, and the Ministry's actions up to that date.

### 3.1 Providing Improved Public Information on Key Tax Expenditure Programs

***We recommended the Ministry of Finance annually give the Legislative Assembly the following additional information on key tax expenditure programs:***

- ***Measurable program objectives (what the tax expenditure is designed to achieve)***
- ***Key assumptions used to estimate tax expenditures***
- ***Actual value of tax expenditures based on available information***

(2016 Report – Volume 1, p. 81, Recommendation 5; Public Accounts Committee agreement September 21, 2017)

**Status**—Implemented for key assumptions and actual value.

Intent of recommendation for measurable program objectives covered by **Recommendation 1** in **Section 3.2**.

Since 2019, the Ministry made improvements to the information about tax expenditure programs (e.g., fuel tax program, provincial sales tax [PST] exemptions) included in the Provincial Budget. The Ministry still has yet to determine measurable program objectives for the fuel tax program, which is further described in **Section 3.2**.

Beginning in 2016, the annual Provincial Budget reports actual and estimated annual values of tax expenditures over a four-year period based on available information. For example, for 2022–23, the Ministry expects to levy about \$139.1 million less fuel tax revenue under the fuel tax program.

Starting in 2021, the annual Provincial Budget sufficiently describes the key assumptions used to estimate tax expenditures to enable legislators and the public to easily identify which assumptions are applicable to each of the key tax expenditure programs. For example, the Government's 2022–23 Provincial Budget describes that tax expenditure estimates for PST and fuel tax are derived from historical tax collection and Statistics Canada data on both personal and business consumption patterns, along with assumptions regarding the expected changes in population, retail sales and investment intentions.<sup>8</sup>

<sup>8</sup> Government of Saskatchewan, *Saskatchewan Provincial Budget 22–23*. p. 65.



The annual Provincial Budget also briefly describes the linkage between Saskatchewan's tax expenditures for personal and corporate income tax to the Federal Government tax expenditures. This gives legislators and the public a source of additional information about tax expenditure programs.

### 3.2 Measureable Fuel Tax Program Objectives and Subsequent Analysis and Reporting of Results Needed

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***We recommended the Ministry of Finance set out how it plans to measure the success of each component of its fuel tax exemption program.***

(2016 Report – Volume 1, p. 74, Recommendation 1; Public Accounts Committee agreement September 21, 2017)

**Status**—Partially Implemented

***We recommended the Ministry of Finance require staff to sufficiently document tax expenditure program reviews to support the result of its reviews.*** (2016 Report – Volume 1, p. 79, Recommendation 4; Public Accounts Committee agreement September 21, 2017)

**Status**—Not Implemented

**Status**—Not Implemented

***We recommended the Ministry of Finance periodically publish the achievements of its key tax expenditure programs.*** (2016 Report – Volume 1, p. 81, Recommendation 6; Public Accounts Committee agreement September 21, 2017)

**Status**—Partially Implemented

Although the Ministry of Finance set out its objectives for the fuel tax exemption program, it has not set quantifiable measures of success for the program. As a result, the Ministry cannot analyze and report on the achievements of the program.

Since 2019, the Ministry more clearly states in the annual Provincial Budget its objectives for each component of the fuel tax exemption program. The objectives of each component of the program include:

- Providing tax relief to key economic sectors and ensuring tax competitiveness with other jurisdictions by providing reduced fuel tax rates to farmers and primary producers
- Ensuring consistent tax treatment with the PST exemption for natural gas used for heating by also exempting heating fuels from the fuel tax<sup>9</sup>

However, because the Ministry has not set out, in a measureable way, what the objective(s) for the fuel tax exemption for farmers and primary producers is intended to achieve, it is not able to adequately determine whether the program has been successful. It has not identified the intended social or economic goal, or the encouraged behaviour of the exemption in a measurable way.

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<sup>9</sup> Government of Saskatchewan, *Saskatchewan Provincial Budget 22–23*, p. 64.

The Ministry should have a clear understanding of what it expects to achieve from its fuel tax exemption program (e.g., percentage of farmers participating in the program, average farmer income compared to other jurisdictions) in order to determine whether the fuel tax exemption program is achieving the desired result.

Since 2016, Ministry staff indicated tax expenditure programs, like the fuel tax program, are reviewed and assessed when preparing the annual Provincial Budget. There is no separate, formal evaluation that helps demonstrate whether the fuel tax program is achieving its intended purpose.

Until the Ministry establishes measurable program objectives for the fuel tax exemption program, it cannot adequately analyze or report on the success of the program.

Presently, the Ministry reports the actual value of tax relief provided through the fuel tax exemption program in the annual Provincial Budget. The Ministry does not compare the actual value to planned (i.e., budget). This measure alone would not provide sufficient information for determining whether the fuel tax exemption program achieved success, but it would provide some information.

Tax expenditures result in lower revenues for the Government. Legislators should subject tax expenditure programs to the same scrutiny as spending programs. Having adequate information on the fuel tax exemption program, such as measurable program objectives and achievements, can result in legislators sufficiently understanding the program and holding the Government accountable to it.



## Chapter 18

# Parks, Culture and Sport—Providing Safe Drinking Water in Provincial Parks

### 1.0 MAIN POINTS

By August 2022, the Ministry of Parks, Culture and Sport improved its processes to provide safe drinking water in provincial parks. It implemented three of the seven recommendations we first made in 2019, and made progress on the four remaining recommendations.

At April 2022, the Ministry was responsible for operating 56 drinking water systems in provincial parks.

In July 2022, the Ministry implemented a new *Safe Drinking Water Policy*. This is significant as it sets consistent, minimum requirements that align with good practice for all drinking water systems in provincial parks. For example, the policy requires all drinking water system operators to complete key water quality testing daily (e.g., chlorine levels) and every two weeks (e.g., test for presence of harmful bacteria in drinking water). Water testing confirms drinking water is safe. Prior to the Ministry setting these expectations, it completed infrequent testing for many of its drinking water systems in provincial parks (consistent with minimum regulatory requirements at the time).

The Ministry also implemented appropriate processes requiring park managers to review operational drinking water system records monthly. In addition, it updated its agreements with municipalities supplying drinking water to provincial parks, requiring municipalities to communicate any drinking water quality issues timely.

The Ministry still needs to:

- Consistently document review of drinking water quality results within 48 hours of receiving lab test results, as required by its policy. This supports identifying and addressing drinking water quality concerns quickly.
- Prepare start up and shut down procedures for seasonal drinking water systems.
- Develop required maintenance procedures specific to each drinking water system it operates, and carry out routine maintenance consistent with expectations.

When a provincial park provides drinking water, visitors rely on the Ministry to provide a safe supply. Effective processes to provide safe drinking water in provincial parks protect public safety and allow provincial parks to attract tourism to the province.



## 2.0 INTRODUCTION

### 2.1 Background

The number of people visiting Saskatchewan's provincial parks is increasing. Provincial parks experienced a record high for visitor entry permit days in 2021, with over 1 million permit days.<sup>1,2</sup> The number of visitors to provincial parks increased by about 50% from 2012 to 2021.<sup>3</sup>

The Ministry of Parks, Culture and Sport is responsible for managing the provincial park system.<sup>4</sup> Where it decides to provide drinking water in provincial parks, it is responsible to ensure the drinking water is safe and for complying with provincial water quality standards for water used for human consumption.<sup>5</sup> We refer to water used for human consumption (drinking, food preparation and cooking, and oral hygiene) as drinking water.

At April 2022, the Ministry operated 35 drinking water systems seasonally (May–September) and the remaining 21 systems all year. These systems vary significantly in size and complexity. Its water systems include water treatment plants, distribution systems, and storage reservoirs (e.g., plastic holding tanks).

### 2.2 Focus of Follow-Up Audit

This chapter describes our first follow-up audit of management's actions on the recommendations we made in 2019.

In 2019, we assessed the Ministry of Parks, Culture and Sport's processes to provide safe drinking water in provincial parks where provided. Our *2019 Report – Volume 2*, Chapter 23, concluded, for the 15-month period ended July 31, 2019, the Ministry had effective processes to provide safe drinking water in provincial parks, except for the areas outlined in our seven recommendations.<sup>6</sup>

To conduct this audit engagement, we followed the standards for assurance engagements published in the *CPA Canada Handbook—Assurance* (CSAE 3001). To evaluate the Ministry's progress toward meeting our recommendations, we used the relevant criteria from the original audit. The Ministry agreed with the criteria in the original audit.

To perform this follow-up audit, we interviewed Ministry staff to discuss key actions management had taken since our 2019 audit to implement the recommendations. We reviewed new policies, staff communications, and supporting documentation to obtain an understanding of these actions. We examined water quality test results, and operational and maintenance records.

<sup>1</sup> Entry permit days reflect the number of days a party visits a provincial park, including both day and overnight visits.

<sup>2</sup> Ministry of Parks, Culture and Sport, *Annual Report for 2021–22*, p. 9.

<sup>3</sup> Ministry of Parks, Culture and Sport records.

<sup>4</sup> *The Parks Act*, section 13.

<sup>5</sup> All drinking water in Saskatchewan is to meet provincial water quality standards summarized here: [www.pubsaskdev.blob.core.windows.net/pubsask-prod/126899/epb507.pdf](http://www.pubsaskdev.blob.core.windows.net/pubsask-prod/126899/epb507.pdf) (6 October 2022).

<sup>6</sup> *2019 Report – Volume 2, Chapter 23*, pp.177–195.

### 3.0 STATUS OF RECOMMENDATIONS

This section sets out each recommendation including the date on which the Standing Committee on Public Accounts agreed to the recommendation, the status of the recommendation at August 15, 2022, and the Ministry's actions up to that date.

#### 3.1 Formalization of Key Decisions and Processes Completed

***We recommended the Ministry of Parks, Culture and Sport document key operational decisions and processes for its drinking-water systems regulated by the Ministry of Health or itself.*** (2019 Report – Volume 2, p. 184,

Recommendation 1; Public Accounts Committee agreement October 19, 2022)

**Status**—Implemented

The Ministry of Parks, Culture and Sport developed a new *Safe Drinking Water Policy* to formalize the key operational decisions and processes related to providing safe drinking water in provincial parks.

In Saskatchewan, either one of two agencies regulate the quality of drinking water including compliance with provincial drinking water quality standards—the Water Security Agency or the Ministry of Health. As set in law, the Water Security Agency regulates larger and more complex drinking water systems, and the Ministry of Health (with the assistance of the Saskatchewan Health Authority) regulates smaller and less complex water systems.

Many provincial parks operate more than one drinking water system, and often these systems vary in size. This results in these water systems being regulated by different regulators in the same park. While water quality standards are similar, in 2019, the requirements each regulator imposed on drinking water system operators differed significantly.

We found the Ministry's new *Safe Drinking Water Policy* sets consistent, minimum standards that apply to all of its drinking water systems and aligns with good practice (e.g., Water Security Agency's detailed and prescriptive requirements over both the operation and maintenance of water systems).

We found the policy addressed the differences between regulatory requirements we identified in our 2019 audit. For example:

- All drinking water system operators are now required to maintain the same operating records (e.g., keep daily tracking sheets recording daily water testing activities). We found the Health-regulated systems operators followed the guidance in the policy, and maintained logbooks and other records as required.
- All water systems require daily chlorine and turbidity testing.<sup>7</sup> In 2019, Health-regulated drinking water systems did not require daily testing. We found for all seven Health-regulated water systems we tested, operators conducted daily testing as expected.

<sup>7</sup> Turbidity refers to water's cloudiness.





- All water system operators are required to test for the presence of harmful bacteria every two weeks. In 2019, Health-regulated drinking water systems required these tests at most every three months. For the eight water systems we tested, we found frequency of testing occurred as expected.
- The policy formalizes the Ministry's decision to use certified water system operators to operate its water systems.
- For its two self-regulated drinking water systems, the policy formalizes the Ministry's processes to self-regulate and operate them.<sup>8</sup> For example, the policy indicates the Ministry will use its water system specialist to inspect these water systems annually.

Formalizing key decisions and setting appropriate expectations enables staff to consistently operate its drinking water systems in accordance with good practice. Also, it provides clear direction for park staff to follow in maintaining the quality of drinking water.

## 3.2 Consistent Application of Policy Requirements Needed

***We recommended the Ministry of Parks, Culture and Sport assign clear responsibility for preparing and maintaining written procedures necessary to operate its drinking-water systems.*** (2019 Report – Volume 2, p. 185, Recommendation 2; Public Accounts Committee agreement October 19, 2022)

**Status**—Partially Implemented

The Ministry of Parks, Culture and Sport assigned clear responsibility to water system operators for preparing and maintaining procedures necessary to provide safe drinking water in parks. Although, water system start up and shut down procedures had yet to be documented and implemented, and quality control procedures were still under development.

Its *Safe Drinking Water Policy* outlines the responsibilities for preparing and maintaining operating procedures for drinking water systems. In addition, the policy indicates the Ministry will form a Safe Drinking Water Committee to monitor the implementation of the policy. At August 2022, the Ministry has not formed the committee.

For its 35 seasonal drinking water systems (i.e., water systems operating from May until September), its policy requires documented start up and shutdown procedures. We found of the four seasonal systems tested, only one location had documented start up and shut down procedures. Also, because the new policy was not fully implemented until July 2022, the expectation to have documented start up and shut down procedures were not implemented at the start of the 2022 camping season (April 2022).

Under the new policy, park water system operators for all of the Ministry's water systems are also to create quality control procedures in accordance with good practice.<sup>9</sup> We found five of eight park water systems tested had quality control procedures documented as expected.

<sup>8</sup> Since 2016, the Ministry acts as its own regulator for water systems in two provincial parks—Buffalo Pound and Danielson. For each of these parks, the Ministry distributes drinking water obtained from a nearby municipality. In this chapter, we refer to oversight of these two water systems as self-regulated.

<sup>9</sup> Good practice outlined in *Water Security Agency Quality Assurance and Quality Control for Water Treatment Utilities Standard – Drinking Water Quality Management*.

Not having written procedures for key processes to operate drinking water systems increases the risk of staff not having a clear understanding of Ministry requirements or expectations. In addition, without sufficient written guidance, staff may not operate drinking water systems consistent with Ministry or regulatory requirements.

### 3.3 Documentation of Routine Maintenance Procedures Needed

***We recommended the Ministry of Parks, Culture and Sport document routine maintenance expectations for its drinking-water systems*** (2019 Report

– Volume 2, p. 188, Recommendation 3; Public Accounts Committee agreement October 19, 2022)

**Status**—Partially Implemented

***We recommended the Ministry of Parks, Culture and Sport complete routine maintenance on its drinking-water systems consistent with documented routine maintenance expectations*** (2019 Report – Volume 2, p. 188, Recommendation 4; Public Accounts Committee agreement October 19, 2022)

**Status**—Partially Implemented

The Ministry of Parks, Culture and Sport formally outlined its expectation for documenting routine maintenance tasks for all drinking water systems within its *Safe Drinking Water Policy*, but site-specific maintenance checklists were still under development.

The Ministry created a maintenance procedures checklist template to standardize the expectations for daily, weekly, monthly, semi-annual, and annual maintenance tasks. Each park will use the template and develop park-specific maintenance tasks required for each specific drinking water system (i.e., each drinking water system is different and may require unique maintenance tasks). The checklist allows staff to document when each procedure is completed.

We found the format of the template to be reasonable.

At August 2022, the Ministry started to use the template to develop site-specific maintenance checklists, which it needs before it can effectively use these checklists to guide and monitor whether parks' staff complete all required maintenance activities.

We found, for seven of the eight drinking water systems tested, parks' staff were still working to develop checklists with site-specific maintenance procedures. Therefore, staff did not document maintenance completed as required.

Not having documented routine maintenance expectations increase the risk of staff not understanding or knowing what routine maintenance is required. This risk increases when staff turnover occurs. Completing sufficient routine maintenance keeps drinking water systems working effectively. If drinking water system infrastructure fails, it may not provide safe drinking water to park visitors.



### 3.4 Supervisors Review Operational Records

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***We recommended the Ministry of Parks, Culture and Sport routinely review key drinking-water system operational records including daily activity tracking sheets and operator logbooks.*** (2019 Report – Volume 2, p. 189, Recommendation 5; Public Accounts Committee agreement October 19, 2022)

**Status**—Implemented

The Ministry of Parks, Culture and Sport's policy appropriately requires park managers to review key water system operational records monthly and document this review using an established checklist. We found park managers consistently completed this review as expected.

Operating drinking water systems is complex. Staff must complete and record numerous activities when operating each water system. For example, daily activities include testing chlorine and turbidity levels of water, maintenance activities, equipment calibration, and recording chemicals added to the water system.

The Ministry developed a monthly review checklist outlining the operational records park managers, or delegates, are required to review monthly. This review enables managers to monitor whether staff (water system operators) are following the Ministry's expectations for maintaining key operational records. This checklist standardizes the review process.

We found the monthly review checklist sufficiently contains the required information managers need to assess water system operations. We found the contents of the Ministry's monthly review checklist align with good practice.<sup>10</sup>

The Ministry created its monthly review checklist before it set its expectation for water system operators to document review of water quality lab test results within 48 hours of receiving the results. The Ministry should update its checklist so managers assess whether this requirement is met. See more about reviewing water quality lab test results in **Section 3.5**.

Of the eight water systems tested, we found the park manager (or delegate) completed the monthly review checklist as expected.

Reviewing key water system records allows park managers to verify whether water system operators undertake key water quality activities as required.

### 3.5 Timely Review of Water Quality Test Results Needed

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***We recommended the Ministry of Parks, Culture and Sport document evidence of its review of water quality test results.*** (2019 Report – Volume 2, p. 190, Recommendation 6; Public Accounts Committee agreement October 19, 2022)

**Status**—Partially Implemented

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<sup>10</sup> Good practice was the record-keeping requirements established in the Water Security Agency's *EPB 258 Monthly Review of Waterworks Operational Records by Permittee* requirements, and section 40 of *The Waterworks and Sewage Works Regulations*.

The Ministry of Parks, Culture and Sport appropriately made the park manager (or delegate) at each provincial park that operates water systems responsible for documenting their review of drinking water test results. We found staff inconsistently documented their reviews on time.

We confirmed key Ministry staff responsible for provincial parks received, and were aware of, lab test results for water systems for which they were responsible. Lab test results convey whether drinking water is meeting quality standards. We observed three Ministry staff (i.e., a water system specialist at the Ministry's head office, the park manager, and the maintenance supervisor) received lab test results directly via email from the Provincial Lab.<sup>11</sup> Also, management indicated the Lab sends test results directly to the relevant regulator if the test identifies unsafe water.

Effective October 2021, the Ministry requires the park manager (or, when delegated, the maintenance supervisor) to document their review with a digital stamp on the water quality lab test results (i.e., document date and who reviewed). Effective July 1, 2022, the Ministry further refined its expectation (set in its new drinking water policy) requiring staff to document this review within 48 hours of receiving the lab test results. We found its expectations to be appropriate.

We found for the eight drinking water systems tested:

- The Ministry received all water quality lab test results within one day from sending the water sample to the Provincial Lab as expected.
- Ministry staff did not document their review of lab test results within 48 hours for about 40% of the lab test results received for six of eight water systems we examined from July 1, 2022 to August 15, 2022. There were no water quality issues identified in the lab test results reviewed late. We found staff documented review of lab test results between 4 to 70 days late.

Documenting its timely review of drinking water quality lab test results enables the Ministry to demonstrate it actively identifies when drinking water is unsafe, should it occur. This is especially important for the two drinking water systems it self-regulates.

### 3.6 Drinking Water Provider Agreements Updated

***We recommended the Ministry of Parks, Culture and Sport update its agreements with municipalities supplying drinking water to provincial parks to set needed water quantity and require municipalities to promptly advise the Ministry of breaches in provincial drinking-water standards.***

(2019 Report – Volume 2, p. 191, Recommendation 7; Public Accounts Committee agreement October 19, 2022)

**Status**—Implemented

<sup>11</sup> The Provincial Lab is the Roy Romanow Provincial Laboratory. It is part of the Saskatchewan Health Authority and located in Regina. It works to identify, respond to, and prevent illness and disease in the province.



By August 2022, the Ministry of Parks, Culture and Sport updated agreements with three of four municipalities who supply drinking water to certain provincial parks.

The fourth agreement was agreed to in principle (draft); however, the municipalities had not signed the revised agreement for supplying drinking water to Buffalo Pound Provincial Park by August 2022. The Ministry expected the municipalities to sign the agreement in 2023.

The Ministry obtains, pursuant to its agreements, drinking water from nearby municipal drinking water systems for four provincial parks. The Ministry's water system infrastructure distributes this drinking water throughout the parks.

We found the four updated agreements appropriately include a requirement for the municipality to inform the Ministry of concerns in drinking water quality as per the provincial drinking water standards as soon as possible. In addition, the agreements include the water supply quantities each municipality is to provide (i.e., to ensure the Ministry obtains the amount of water it expects to need).

The Ministry indicated it did not experience any concerns with receiving the water quantity expected for the 12-month period ending August 2022. Also, it indicated it was notified timely by a municipality that experienced a break-in at its water treatment plant facility that resulted in a precautionary water advisory until testing confirmed water quality was not compromised.

Having appropriate agreements in place ensures the Ministry promptly receives notification of any water quality concerns from municipalities, so it can take appropriate action to protect park visitors.

## Chapter 19

# Saskatchewan Health Authority—Analyzing Surgical Biopsies in Regina and Saskatoon Labs

### 1.0 MAIN POINTS

The Saskatchewan Health Authority is responsible for providing lab services that include analyzing surgical biopsies at its Regina and Saskatoon labs. Together these labs analyze over 390,000 specimens, or about 87,000 cases, per year.

By September 2022, the Authority improved its processes to analyze surgical biopsies efficiently at the Regina and Saskatoon labs. Between April and July 2022, Regina labs took an average of 12.9 days to provide a surgical biopsy diagnosis report; Saskatoon labs took an average of 9.1 days—an improvement from 18.7 days and 12.1 days, respectively, since 2017–18.

The Authority implemented four of the seven recommendations we made in 2018, but has more work to do.

Key improvements included assessing the impact of the labs receiving accreditation through different bodies, entering into an agreement with the Office of the Chief Coroner, implementing a lab IT system to track the location of surgical biopsy specimens throughout the key stages of the lab analysis process, and identifying factors inhibiting timely diagnosis reports (e.g., staff vacancies).

However, the Authority still needs to implement a consistent approach for prioritizing and issuing timely diagnosis reports for surgical biopsies, as the Regina labs do not follow good practice. The Regina labs continue to expect a five-day turnaround time for all biopsy specimens, whereas Saskatoon labs have priority specimens processed in 72 hours. Not being consistent across the province could lead to some patients and healthcare providers having to wait longer for their diagnosis than others, and delayed care for patients.

In addition, the Authority needs to educate healthcare providers on properly completing the new surgical biopsy requisition form, and have staff document all preventative maintenance completed on lab equipment.

### 2.0 INTRODUCTION

*The Provincial Health Authority Act* makes the Saskatchewan Health Authority responsible for planning, organizing, delivering, and evaluating provincial health services. As part of this mandate, the Authority is responsible for providing lab services, including surgical biopsies, in the province.

A surgical biopsy is a procedure that involves the surgical removal of tissue for laboratory analysis by pathologists.



The Authority has eight labs that analyze surgical biopsies for diagnostic purposes (e.g., potential cause of a disease). Three labs are in Saskatoon; two labs are in Regina; and one each in Prince Albert, North Battleford, and Moose Jaw.<sup>1</sup> The Authority's labs in Regina and Saskatoon have about 95 full-time equivalent staff.

The labs in Saskatoon and Regina are referral centres for surgical biopsies; in that, they receive biopsies collected from other lab locations (e.g., other labs in and outside the province) for analysis. As a result, the Saskatoon and Regina labs analyze the majority of surgical biopsies done in Saskatchewan. Our original audit in 2018 focused on the Saskatoon and Regina labs.

## 2.1 Focus of Follow-Up Audit

This chapter describes our first follow-up audit assessing the status of seven recommendations we made in our *2018 Report – Volume 2*, Chapter 23, about the Saskatchewan Health Authority's processes to analyze surgical biopsies efficiently in laboratories located in Regina and Saskatoon.<sup>2</sup> We concluded for the 12-month period ended July 15, 2018, the Authority had, other than the areas identified in our seven recommendations, effective processes.

To conduct this audit engagement, we followed the standards for assurance engagements published in the *CPA Canada Handbook—Assurance* (CSAE 3001). To evaluate the Authority's progress toward meeting our recommendations, we used the relevant criteria from the original audit. The Authority's management agreed with the criteria in the original audit.

To complete this follow-up audit, we interviewed key Authority staff responsible for lab services. We examined the Authority's lab IT systems and assessed relevant documentation such as procedures, key agreements, and requisition forms and guidance. We also reviewed the maintenance performed on a sample of lab equipment.

## 3.0 STATUS OF RECOMMENDATIONS

This section sets out each recommendation including the date on which the Standing Committee on Public Accounts agreed to the recommendation, the status of the recommendation at September 30, 2022, and the Authority's actions up to that date.

### 3.1 Lab Accreditation Assessed

***We recommended the Saskatchewan Health Authority assess the impact of the surgical biopsy labs receiving accreditation through different bodies.***

(*2018 Report – Volume 2*, p. 140, Recommendation 1; Public Accounts Committee agreement March 1, 2022)

**Status—Implemented**

<sup>1</sup> Saskatoon's labs are located at Royal University Hospital, St. Paul's Hospital, and Saskatoon City Hospital. Regina's labs are located at the Pasqua Hospital and the Regina General Hospital.

<sup>2</sup> *2018 Report – Volume 2, Chapter 23*, pp.135–149.

The Saskatchewan Health Authority assessed the impact of the surgical biopsy labs receiving accreditation through different bodies.

As part of its licence, each lab is required to choose a recognized accreditation body to accredit the lab. In 2018, and still in 2022, Regina and Saskatoon labs had different accreditation bodies with varied inspection standards—Regina used College of American Pathologists (CAP) and Saskatoon used Western Canada Diagnostic Accreditation Alliance (WCDAA). Accreditation shows the labs have appropriate and suitable standards and processes for analyzing surgical biopsies.

In 2020, the Authority completed a review of its accreditation processes. The review included:

- An evaluation of the quality of the two accreditation bodies (i.e., CAP, WCDAA)
- Comparison to other jurisdiction practices (i.e., Manitoba, Alberta)

Upon completion of its review, the Authority made a recommendation in October 2020 to its Laboratory Medicine Provincial Executive Committee.<sup>3</sup> It recommended a phased-in approach for standardization in accreditation as shown in **Figure 1**.

**Figure 1—Phased-In Approach for Standardization in Accreditation of Surgical Biopsy Labs**

- CAP and WCDAA accreditation in both Saskatoon and Regina labs (i.e., adding CAP accreditation to Saskatoon labs and adding WCDAA accreditation to Regina labs)
- Transitioning other labs (e.g., Moose Jaw) to CAP accreditation from WCDAA, depending on type of testing performed (e.g., pathology, microbiology) and complexity of service

Source: Adapted from information provided by the Saskatchewan Health Authority.

At August 2022, the Authority continues to work on implementing its transition plan. Management indicated it could take the Authority up to four years to achieve standardization in accreditation of surgical biopsy labs using the phased-in approach.

Having a standardized accreditation process for its surgical biopsy labs will promote consistency in lab operations and allow for more accurate comparisons to be drawn between the sites.

### 3.2 Agreement with Office of the Chief Coroner In Place

***We recommended the Saskatchewan Health Authority enter into a written agreement with the Office of the Chief Coroner about surgical biopsy lab services it provides for forensic autopsies.*** (2018 Report – Volume 2, p. 141,

Recommendation 2; Public Accounts Committee agreement March 1, 2022)

**Status—Implemented**

The Saskatchewan Health Authority entered into a written agreement with the Office of the Chief Coroner about surgical biopsy lab services it provides for forensic autopsies.<sup>4</sup>

<sup>3</sup> Members of the Laboratory Medicine Provincial Executive Committee consist of the Executive Director of Laboratory Medicine, Directors of Integrated Service Areas, Director of Quality, Safety and Logistics, and various physicians.

<sup>4</sup> A forensic autopsy is an examination of the deceased's body to help determine the cause of death.





In December 2020, the Authority signed an agreement with the Office of the Chief Coroner outlining the services the Authority provides to the Coroner's Office. For example, the Authority agreed to provide services such as:

- Operating rooms to conduct post-mortem examinations
- Authority staff to assist the forensic pathologist (i.e., medical examiner) while conducting post-mortem examinations
- Surgical instruments and all personal protective equipment required to conduct post-mortem examinations
- All equipment (e.g., tissue processor, embedding centre, water bath, specimen stainer), service contracts, and reagents (e.g., compounds for chemical analysis) to process specimens
- Authority lab staff to process specimens

In October 2022, the parties amended the agreement to further clarify the services (i.e., space, equipment, personnel) provided by the Authority to the Coroner's Office and related costs covered by each party.

Having a written agreement helps ensure both the Authority and the Office of the Chief Coroner have clear expectations and understanding of each party's responsibilities and obligations.

### 3.3 Consistent Completion Targets and Approaches to Prioritizing Requests Not Yet Implemented

***We recommended the Saskatchewan Health Authority implement a consistent approach for prioritizing and issuing timely diagnosis reports for surgical biopsies.*** (2018 Report – Volume 2, p. 144, Recommendation 3; Public Accounts Committee agreement March 1, 2022)

**Status**—Not Implemented

The Saskatchewan Health Authority has not implemented a consistent approach for prioritizing and issuing timely diagnosis reports for surgical biopsies.

The Authority continues to have differing target turnaround times for processing requests to analyze surgical biopsies and issue diagnosis reports at its Regina and Saskatoon labs.<sup>5</sup> See **Section 3.5** for average turnaround times at each lab.

The Saskatoon labs continue to have varied target turnaround times for processing and issuing diagnosis reports based on an assessment of both priority and the complexity of the biopsy. As indicated in our initial audit, this approach aligns with good practice. For example, breast surgical biopsy specimens are classified as priority 1. The turnaround

<sup>5</sup> Lab management calculates turnaround time as the time between the entry of a requisition into the lab information system and completion of a pathologist's diagnosis report.

time for processing the specimen is less than 48 hours and a diagnosis report is required within 24–72 hours.

The Regina labs continue to have a five-day turnaround time for all biopsy specimens, which does not align with good practice. It does not have documented prioritization classifications and associated target turnaround times, but management indicated it does classify certain specimens as urgent (e.g., lung, breast) and expects staff to process them in two to three days.

Management indicated the Authority has a designated working group tasked with reviewing the prioritization of surgical biopsies. It expects to have a consistent approach for prioritization and turnaround times for processing requests for analysis of surgical biopsies implemented in early 2023.

Having an inconsistent prioritization strategy for processing and analyzing specimens may result in some patients and healthcare providers having to wait longer for diagnosis results than others. In addition, inconsistent target turnaround times for processing and providing diagnosis results leads to inconsistent patient care across the province.

### 3.4 Lab IT System Used to Track Specimens

***We recommended the Saskatchewan Health Authority assess the cost-benefit of electronically tracking the location of surgical biopsy specimens throughout the key stages of the lab analysis process.*** (2018 Report – Volume 2, p. 145, Recommendation 4; Public Accounts Committee agreement March 1, 2022)

#### **Status—Implemented**

The Saskatchewan Health Authority electronically tracks the location of surgical biopsy specimens throughout the key stages of the lab analysis process at its Saskatoon labs and plans to do so at its Regina labs beginning November 2022.

In December 2018, the Authority implemented a lab tracking IT system at its Saskatoon labs. The system assigns a barcode to each healthcare provider's requisition and the biopsy specimen received. Lab staff scan the barcode at each step in the analysis process (e.g., when the specimen is grossed [tissue prepared for a microscopic examination] and sectioned) to register the date and time in the system. With these system entries, staff can identify the location of a specimen at any given point in the process.

The system is also equipped to prevent a specimen mix-up. We found when the requisition for one patient and the specimen for another patient were scanned together, the system sounded an alarm (i.e., as the requisition and specimen did not match for the same patient) that prevented lab staff from continuing to process the items together.

In November 2020, the Authority approved acquiring a lab tracking IT system for its Regina labs. Management indicated it expects to implement the system in November 2022.

Having an adequate lab tracking system in place helps ensure specimens do not get misplaced or misidentified, which could result in untimely or inaccurate diagnosis results to healthcare providers, and in turn, their patients.



### 3.5 Inhibiting Factors of Timely Diagnosis Identified

***We recommended the Saskatchewan Health Authority formally assess the surgical biopsy process at its surgical biopsy labs to identify factors inhibiting timely diagnosis.*** (2018 Report – Volume 2, p. 147, Recommendation 5; Public Accounts Committee agreement March 1, 2022)

**Status**—Implemented

The Saskatchewan Health Authority identifies factors inhibiting timely diagnosis.

The Authority tracks and monitors daily workload data for all Regina and Saskatoon labs. For example, it tracks the number of surgical biopsy cases at key stages in the analysis process such as the number of pending cases (i.e., not started), the number of cases grossed (i.e., tissue prepared for a microscopic examination), and the number of cases in pathologists' offices.

Management also discusses the workload statistics with staff at daily meetings. We found discussions include any issues with the daily workflow such as demand, capacity, and equipment. Management also discusses staffing issues at these daily meetings, including the amount of overtime staff work.

The Authority strives to have no more than 750 cases pending/in progress at any one time in each lab. At August 31, 2022, the Regina labs had 969 cases pending, and Saskatoon labs had 871.<sup>6</sup>

Where necessary, lab management takes action to address backlogs in the process (e.g., approve scheduled overtime). However, management indicated the delays are mainly due to lack of staff—with about 19 staff vacancies between the Regina and Saskatoon labs at September 2022 (compared to almost 10 vacancies in 2017–18). Staff in the Regina and Saskatoon labs work overtime to keep up with demand. For example, 48 staff in the labs worked 1,051 hours of overtime (an average of 20 hours per staff) in August 2022.

On a monthly basis, we found the Executive Director of Laboratory Medicine reviews the number of biopsy cases in progress and the turnaround times for all Regina and Saskatoon labs.<sup>7</sup>

We found turnaround times for surgical biopsies improved since our original audit. From April to July 2022, the average turnaround time for Regina labs was 12.9 days (2017–18 average: 18.7 days). For the same period at Saskatoon labs, the average turnaround time was 9.1 days (2017–18 average: 12.1 days). Management attributes the improvement to work the Authority completed since 2018 (e.g., reviewing and changing workflows in each lab, hiring additional pathologists).

Management indicated the Authority has two quality improvement consultants working with the Regina labs to help identify other areas for improvement in further reducing the turnaround time. It expects a report in December 2022.

<sup>6</sup> At September 25, 2018, the Regina labs had 848 cases pending, and Saskatoon labs had 503.

<sup>7</sup> Lab management calculates turnaround time as the time between the entry of a requisition into the lab information system and completion of a pathologist's diagnosis report.

By regularly monitoring workload data and turnaround times for pathology processes, lab management can take action to address delays in a timely manner that helps ensure healthcare practitioners can provide appropriate treatment to their patients.

### 3.6 Revised Requisition Form for Healthcare Providers Not Yet Implemented

***We recommended the Saskatchewan Health Authority educate healthcare providers on properly completing surgical biopsy requisitions for Regina and Saskatoon labs.*** (2018 Report – Volume 2, p. 147, Recommendation 6; Public Accounts Committee agreement March 1, 2022)

**Status**—Partially Implemented

The Saskatchewan Health Authority revised its surgical biopsy requisition form and plans to educate healthcare providers on how to properly complete it in late 2022.

In our 2018 audit, the Regina labs received 1,700 incomplete requisitions from healthcare providers (Saskatoon did not track or report on incomplete requisitions). This may have resulted in delays to diagnosing a patient's biopsy.

In 2019, the Authority created a provincial general surgical requisition form, along with guidance for healthcare providers on how to complete the requisition. In September 2022, the Authority approved the new form and guidance.<sup>8</sup>

We found the new requisition form clearly sets out key sections healthcare providers must complete. For example, healthcare providers must indicate whether the request is routine or priority, document key clinical information and relevant medical/family history, as well as sample/tissue information (e.g., exact bodily site, organ of origin, collection procedure).

Management indicated the Authority expects to educate healthcare providers about the new requisition form and guidance in November 2022, with implementation in January 2023.

Having one provincial requisition form and better guidance and training will help healthcare providers to include consistent and priority information for all surgical biopsies. This may help to reduce the risk of incomplete requisitions and possible delays to diagnosing a patient's biopsy.

### 3.7 Preventative Maintenance Not Consistently Documented As Required

***We recommended the Saskatchewan Health Authority require its labs to keep records of preventative maintenance completed by technical staff on its surgical biopsy equipment.*** (2018 Report – Volume 2, p. 149, Recommendation 7; Public Accounts Committee agreement March 1, 2022)

**Status**—Partially Implemented

<sup>8</sup> Management indicated the delay in finalizing the form and guidance was due to the COVID-19 pandemic.



The Saskatchewan Health Authority requires labs to track the completion of preventative maintenance on surgical biopsy equipment; however, technical lab staff are not consistently documenting completion of required maintenance.

Each lab uses technical lab staff to maintain certain equipment such as embedding machines and specimen stainers. Staff are required to complete a maintenance log to show the maintenance completed. Maintenance can include daily, weekly, and monthly tasks. Each month, management reviews and signs off on the maintenance logs.

For the eight maintenance logs tested, we found five maintenance logs where staff did not document completion of all the required weekly and monthly maintenance tasks.

Management indicated they plan to review logs more frequently (i.e., weekly instead of monthly) until staff compliance improves.

Not performing all preventative maintenance on surgical biopsy equipment increases the risk key pieces of equipment are not maintained appropriately. Lab equipment must receive appropriate maintenance to ensure analysis is properly completed.



## Chapter 20

# Saskatchewan Health Authority—Maintaining Healthcare Facilities in Saskatoon and Surrounding Areas

### 1.0 MAIN POINTS

The Saskatchewan Health Authority has more work to do in regards to maintaining healthcare facilities located in Saskatoon and surrounding areas. By July 2022, for the ten recommendations we first made in 2019, we found it implemented two recommendations, partially implemented seven recommendations, and did not make progress on one recommendation.

The Authority regularly reports to senior management about maintenance activities for its key facilities and components in Saskatoon and surrounding areas. Analysis and reporting of maintenance results enables the Authority to assess whether effective maintenance of its key facilities and components is occurring.

While the Authority formally assessed its facility conditions in 2020, it still needs to establish measureable service objectives to assist in determining potential facilities or components at risk and those in immediate need of maintenance. Having minimum condition standards supports taking a risk-informed approach to maintenance planning. Also, the Authority needs to consistently maintain documentation to support its prioritization of capital maintenance projects. Documenting rationale helps to demonstrate selection of projects that best address its needs.

We found the Authority is developing a Building Operations Maintenance Plan for its facilities across the province. The Authority expects the Plan to provide guidance to maintenance staff in several areas, such as standardized preventative maintenance activities (e.g., frequency of maintenance) and guidelines for prioritizing maintenance requests received on demand (i.e., reactive maintenance).

In addition, the Authority initiated a process to begin designing a new maintenance IT system with improved functionality to help staff prioritize work and improve the reliability and completeness of its maintenance data. The Authority expects the new IT system may enable incorporation of planned maintenance activities into future maintenance budgets. The Authority needs to know the expected timing and total dollars needed to sufficiently maintain assets over their entire life cycle.

Lack of accurate information about all key facilities and components increases the risk that the Authority may not effectively prioritize maintenance activities, or make inconsistent decisions about approaches to maintenance.

The Authority's latest assessment of its facilities' conditions in Saskatoon and surrounding areas indicated, overall, facilities are in critical condition. Not completing timely maintenance increases the risk that an asset may fail and cause harm to residents, patients, visitors, or staff.



## 2.0 INTRODUCTION

### 2.1 Background

The Saskatchewan Health Authority, under *The Provincial Health Authority Act*, is responsible for planning, organizing, delivering, and evaluating health services in the province. It is also responsible for constructing, renovating, altering, and managing its healthcare facilities.

In 2021–22, the Authority spent \$75.1 million on repairs and maintenance expenses, along with \$126.8 million on additions to buildings and improvements, and on in-progress construction.<sup>1</sup>

Over 50 healthcare facilities located in the City of Saskatoon and surrounding areas serve more than 360,000 residents in more than 100 communities, which include cities, towns, rural municipalities, and First Nations communities. Facilities located in Saskatoon and surrounding areas include 10 hospitals, 29 long-term care facilities, and 18 health centres and other healthcare facilities.<sup>2,3</sup> See **Section 4.0** for a listing of facilities.

### 2.2 Focus of Follow-Up Audit

This chapter describes our first follow-up audit of management's actions on the recommendations we first made in 2019.

In 2019, we assessed the Saskatchewan Health Authority's processes to maintain healthcare facilities located in the City of Saskatoon and surrounding areas. Our *2019 Report – Volume 1*, Chapter 12, concluded that for the 12-month period ending November 30, 2018, the Authority did not have effective processes to maintain healthcare facilities located in Saskatoon and surrounding areas.<sup>4</sup> We made 10 recommendations.

To conduct this audit engagement, we followed the standards for assurance engagements published in the *CPA Canada Handbook—Assurance* (CSAE 3001). To evaluate the Authority's progress toward meeting our recommendations, we used the relevant criteria from the original audit. The Authority agreed with the criteria in the original audit.

To complete this follow-up audit, we discussed actions taken with management, reviewed the Authority's policies and procedures, and examined documents related to maintenance activities completed and planned. We observed the Authority's capital infrastructure and equipment system and reviewed the draft Building Operations Maintenance Plan.

<sup>1</sup> Saskatchewan Health Authority, *2021–22 Annual Report*, p. 53 and p. 76.

<sup>2</sup> Information provided by the Saskatchewan Health Authority.

<sup>3</sup> The Saskatchewan Health Authority owns 30 facilities in the City of Saskatoon and surrounding areas, with the remainder owned by healthcare affiliates. Healthcare affiliates are designated and responsible for providing contracted health services on behalf of the Authority. The Authority is not responsible for maintaining affiliate facilities but may complete maintenance upon request.

<sup>4</sup> *2019 Report – Volume 1, Chapter 12*, pp. 187–205.

### 3.0 STATUS OF RECOMMENDATIONS

This section sets out each recommendation including the date on which the Standing Committee on Public Accounts agreed to the recommendation, the status of the recommendation at July 31, 2022, and the Authority's actions up to that date.

#### 3.1 Service Objectives for Guiding Maintenance Not Set

***We recommended the Saskatchewan Health Authority establish measurable service objectives for its key healthcare facilities and critical components located in the City of Saskatoon and surrounding areas.***

(2019 Report – Volume 1, p. 193, Recommendation 1; Public Accounts Committee agreement March 1, 2022)

**Status**—Partially Implemented

While the Saskatchewan Health Authority identified its key facilities and key components and updated the assessments of the facilities' conditions, it has yet to establish measurable service objectives (e.g., a minimum acceptable facility condition index [FCI] rating needed to meet future operations).<sup>5</sup>

We found the Authority last formally assessed its facility conditions in 2020. The Authority's FCI for facilities in Saskatoon and surrounding areas is worsening.

In 2019, the average FCI was 50% for facilities in Saskatoon and surrounding areas. At July 2022, the average FCI for the Authority's facilities in Saskatoon and surrounding areas was 62%—meaning overall in critical condition (see **Figure 1**). **Figure 1** shows 46 out of 52 facilities in Saskatoon and area as critical condition.

**Figure 1—Facility Condition Index for the Authority's Saskatoon-area Facilities at July 2022**

Facility Condition Index %	Condition <sup>A</sup>	Number of Facilities in Category
0–5	Good	1
5–10	Fair	2
10–30	Poor	3
>30	Critical	46
<b>Total</b>		<b>52<sup>B</sup></b>

Source: Adapted from information provided by the Saskatchewan Health Authority and retrieved from the International Facility Management Association knowledge library.

<sup>A</sup> The International Facility Management Association Knowledge Library defines building condition in terms of facility condition index, [www.community.ifma.org/fmpedia/w/fmpedia/2459](http://www.community.ifma.org/fmpedia/w/fmpedia/2459) (20 September 2022).

<sup>B</sup> The Authority did not complete facility condition assessments for the Jim Pattison Children's Hospital, Strasbourg and District Health Centre, or three leased facilities.

The Authority has not established measurable service objectives (e.g., minimum acceptable FCI) for the facilities. For example, the Authority could aim to maintain its facilities at a standard FCI of 10%—meaning, overall, facilities would be in fair condition.

<sup>5</sup> Facilities condition index (FCI) is the total cost of existing deficiencies (maintenance needs) in a particular facility (FCI Cost or cost of deferred maintenance) divided by its replacement value. It is represented as a decimal point or as a percentage. The lower the FCI, the better the condition of the asset.





In May 2022, the Authority signed an agreement with the Ministry of SaskBuilds and Procurement in relation to refreshing the FCI data for all of the Authority's owned and operated facilities by March 31, 2024. The Ministry developed a model to assess facility conditions, and calculate FCI consistently using a common methodology for government.

In addition, the Authority established which equipment and components it considers to be critical (e.g., boilers, nurse call systems, generators).

Having minimum condition standards enables taking a risk-informed approach to maintenance planning. It facilitates comparisons of assets' current conditions to those standards to identify particular facilities or components at risk. This supports determining the extent of resources needed for maintenance, and deciding where best to focus maintenance efforts.

## 3.2 Accuracy and Reliability of Maintenance Data Improved

***We recommended the Saskatchewan Health Authority control the accuracy and reliability of maintenance data in its IT system for key healthcare facilities and components located in the City of Saskatoon and surrounding areas.*** (2019 Report – Volume 1, p. 195, Recommendation 2; Public Accounts Committee agreement March 1, 2022)

**Status**—Partially Implemented

***We recommended the Saskatchewan Health Authority maintain complete information on each of its key healthcare facilities and components located in the City of Saskatoon and surrounding areas to enable the preparation of a comprehensive maintenance plan.*** (2019 Report – Volume 1, p. 196, Recommendation 3; Public Accounts Committee agreement March 1, 2022)

**Status**—Implemented

The Saskatchewan Health Authority updated information in its maintenance IT system (i.e., Work Manager) for its owned facilities and key components in Saskatoon and surrounding areas. It is planning to design and implement a new maintenance IT system to further improve the accuracy, reliability, and completeness of information in its maintenance IT system.

Since 2019, the Authority updated its IT system for 29 of its 30 owned facilities in Saskatoon and surrounding areas for critical components.<sup>6</sup> This resulted in the Authority adding almost 900 assets (e.g., generators, boilers) to the system.

In June 2022, the Authority initiated a monthly review of user access to Work Manager. We reviewed user access to the system and found all users with significant roles had appropriate access based on their position. Over 80 maintenance staff have access to Work Manager (compared to 196 staff in 2019).

<sup>6</sup> The Authority indicated it determined one of its smaller owned facilities did not have any critical components to include in the maintenance IT system.

However, unchanged from our 2019 audit, we found user access to data in Work Manager is not restricted to facilities the users are assigned to maintain, and the system does not track changes users make to key facility and component information. As a result, users could make inappropriate or erroneous changes to any existing data without the Authority having a way to easily identify the changes made (i.e., the system can identify if a change was made, but cannot identify what changed and by whom).

At July 2022, the Authority was in the process of identifying a third-party to design and implement a new maintenance IT system. It anticipates having a new system in place by March 31, 2024.

Insufficient controls in Work Manager may result in data being inaccurate or incomplete. Lack of accurate information about all key facilities and components increases the risk that the Authority may not effectively prioritize maintenance activities, or may make inconsistent decisions about maintenance. This could lead to increased future repair costs or replacing facilities or components earlier than intended.

### 3.3 Preventative Maintenance Activities Inconsistent

***We recommended the Saskatchewan Health Authority consistently set the nature, extent, and frequency of preventative maintenance activities for similar categories of key healthcare facilities and components located in the City of Saskatoon and surrounding areas. (2019 Report – Volume 1, p. 198,***

***Recommendation 4; Public Accounts Committee agreement March 1, 2022)***

#### **Status—Partially Implemented**

The Saskatchewan Health Authority has inconsistent preventative maintenance activities established for similar categories of key healthcare facilities and components. The Authority is developing a Building Operations Maintenance Plan where it expects to standardize its preventative maintenance activities.

We tested 30 preventative maintenance activities and found 24 activities with inconsistent maintenance frequencies between similar pieces of equipment. For example, preventative maintenance for beds ranges from inspections every month to every two years.

In addition, we found four maintenance activities did not align with code requirements, along with 14 activities where the Authority was unable to provide the related code or support for the manufacturer's recommended maintenance interval.<sup>7</sup> For example, we found preventative maintenance frequencies (i.e., inspections) for 533 floor-lifts varied from monthly to every two years—the Authority was unable to provide support for how it determined these frequencies. This increases the risk of doing maintenance at inappropriate intervals (i.e., too late or too early).

<sup>7</sup> Codes are a set of standards for specific trades to follow; examples include building codes, electrical codes or plumbing codes.



Our analysis of all preventative maintenance activities for facilities located in Saskatoon and surrounding areas from August 2021 to July 2022 identified similar issues. For example, we identified 72 nurse call systems with varying maintenance frequencies (i.e., 33 with monthly inspections, 16 with quarterly inspections, three with inspections every four months, six with semi-annual inspections, and 14 with annual inspections).

We also found maintenance frequencies for emergency eyewash and shower stations did not align with the applicable code requiring weekly inspections.<sup>8</sup> For example, of the 720 preventative maintenance activities for emergency eyewash and shower stations, we found 236 had monthly inspection frequencies instead of weekly as required.

At July 2022, the Authority was developing a Building Operations Maintenance Plan for its operations across the province. Our review of the draft Plan found the Authority is working on standardizing preventative maintenance frequencies based on equipment type and available guidance (e.g., related code requirements).

Not making consistent decisions and aligning the frequency of maintenance activities with standards (e.g., manufacturer and code requirements) increases the risk that key facilities and component assets are not maintained appropriately or, conversely, resources are used inefficiently. Inadequately maintained assets may put patients, residents, visitors, and staff at risk of injury if an asset fails.

### 3.4 Need to Consider Planned Maintenance Activities When Setting the Maintenance Budget

***We recommended the Saskatchewan Health Authority use its planned maintenance activities as an input to setting its Saskatoon-area maintenance budget.*** (2019 Report – Volume 1, p. 199, Recommendation 5; Public Accounts Committee agreement March 1, 2022)

**Status**—Not Implemented

The Saskatchewan Health Authority does not use planned maintenance activities as an input to setting its maintenance budget.

We found the Authority continues to establish its maintenance budgets based on historical figures, as its maintenance IT system limits its ability to accurately predict the cost of planned maintenance activities in future years. Linking the maintenance budget to planned maintenance activities can help mitigate potential differences between actual and planned maintenance costs.

In addition, as the Authority has not set measurable service objectives (see **Section 3.1**), the Authority may not be budgeting for maintenance activities required to maintain its assets to a desired condition.

<sup>8</sup> [www.gesafety.com/downloads/ANSIGuide.pdf](http://www.gesafety.com/downloads/ANSIGuide.pdf) (26 July 2022).

As described in **Section 3.2**, the Authority is in the process of identifying a third-party to design and implement a new maintenance IT system, as well as improve the reliability and completeness of its maintenance data. The Authority indicated its new system may help enable it to incorporate planned maintenance activities into future budgets.

Not using planned maintenance activities to set budgets increases the risk of having insufficient funds for all required maintenance. This may result in the Authority not completing maintenance at appropriate times or in maintenance deferrals; this can negatively affect the delivery of healthcare, safety, and future costs.

### 3.5 Improvements to Timely Preventative Maintenance Ongoing

***We recommended the Saskatchewan Health Authority complete preventative maintenance on its key healthcare facilities and components located in the City of Saskatoon and surrounding areas within expected timeframes. (2019 Report – Volume 1, p. 200, Recommendation 6; Public Accounts Committee agreement March 1, 2022)***

**Status**—Partially Implemented

The Saskatchewan Health Authority does not always conduct preventative maintenance activities on facilities in Saskatoon and surrounding areas in a timely manner.

Work Manager's preventative maintenance plans continue to set out the expected timing of maintenance of facilities and component assets (e.g., maintenance should occur monthly). However, the Authority does not have established guidance about how long the maintenance should take staff to complete. The Authority expects to provide further guidance to maintenance staff about expected timelines for completion of preventative maintenance in its draft Building Operations Maintenance Plan (see **Section 3.3**).

We tested 30 preventative maintenance activities and found that eight (27%) were not completed timely and lacked reasonable explanations for the delay (e.g., supply issues). For example, we found an emergency generator inspection expected to occur on a weekly basis did not occur until 30 days after the scheduled inspection date. This is a slight improvement from our 2019 audit, where our testing found 47% of preventative maintenance activities not completed in a timely manner.

Our analysis of all preventative maintenance activities for facilities from August 2021 to July 2022 found maintenance staff completed approximately 20% of preventative maintenance activities untimely.

The Authority expects the functionality of its new maintenance IT system (see **Section 3.2**) may include functionality for notifying maintenance staff in advance of planned maintenance activities and establishing a deadline for completing the work.

Not completing timely preventative maintenance increases the risk that an asset may fail and cause harm to residents, patients, visitors, or staff. This could also lead to increased future repair costs.



### 3.6 Demand Maintenance Guidance Updated, But Not Always Followed

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***We recommended the Saskatchewan Health Authority have written guidance for classifying and prioritizing requests for demand maintenance on key healthcare facilities and components located in the City of Saskatoon and surrounding areas. (2019 Report – Volume 1, p. 201, Recommendation 7; Public Accounts Committee agreement March 1, 2022)***

**Status**—Partially Implemented

***We recommended the Saskatchewan Health Authority complete demand maintenance in line with priority rankings for key healthcare facilities and components located in the City of Saskatoon and surrounding areas. (2019 Report – Volume 1, p. 201, Recommendation 8; Public Accounts Committee agreement March 1, 2022)***

**Status**—Partially Implemented

The Saskatchewan Health Authority updated its guidance for prioritizing and completing demand maintenance requests, but staff do not always follow the guidance.

The Authority updated its work standard for prioritizing demand maintenance requests in 2022. The work standard establishes a priority rating for requests on a scale of 1 to 20 (with 1 as the highest priority). Work Manager automatically calculates and assigns a priority rating to each request based on the information call centre staff enter into the system. Work Manager also includes functionality for priority rating overrides, where call centre staff can assign the highest priority rating to a request. The Authority's work standard sets out guidance for staff use of overrides—this is reserved for requests that contain key words or phrases (e.g., flood, no power, plugged toilet/sink).

As discussed in **Section 3.3**, the Authority is in the process of developing a Business Operations Maintenance Plan. We reviewed the draft Plan and found it includes updated guidance for prioritizing demand maintenance requests using a scale from 1 to 25 (with 1 as the highest priority). Similar to Work Manager, the Authority expects its new maintenance IT system (see **Section 3.2**) to calculate the priority ratings for demand maintenance requests based on the information staff enter into the system.

The Authority's draft Plan also outlines expected timelines for staff completion of demand maintenance requests (based on priority categories). For example, the Plan expects staff to complete "extreme" requests within one day and "low risk" requests within six months.

We tested 60 demand maintenance requests and found 23 requests with priority ratings inconsistent with the work standard and without reasonable explanations for the difference in ratings. For example, the Authority ranked maintenance to a cupboard in a common area as a priority four (i.e., completed within one day to one week) when it should have been ranked as a priority six (i.e., completed within one week to one month). In addition, we found 18 instances where staff did not complete maintenance within expected timelines and without rationale for the delays (e.g., waiting for required parts).

Additionally, we analyzed all demand maintenance activities from August 2021 to July 2022—the Authority's Saskatoon-area facilities received over 25,000 demand maintenance requests during this period. Our analysis of the requests found:

- Call Centre staff applied priority rating overrides (i.e., increased to highest priority rating) for almost 7,100 requests (29%). Our further analysis of the overrides found almost three-quarters of the overrides did not contain the key words or phrases set out in the Authority's work standard.
- The average time taken to complete each request was 7.79 days, with maintenance staff generally completing higher priority requests faster than lower priority requests. However, our analysis identified, on average, maintenance staff completed requests with priority ratings of 2 and 5 faster than requests ranked as the highest priority - 1 (i.e., with the lower priority requests completed approximately a day sooner on average).

When demand maintenance requests are not appropriately prioritized, there is increased risk that maintenance of assets critical for the delivery of healthcare services is not done first. Not completing timely demand maintenance in order of priority increases the risk that key assets may remain unrepaired longer than they should.

### 3.7 Capital Maintenance Project Prioritization Inconsistently Documented

***We recommended the Saskatchewan Health Authority consistently document the priority of capital maintenance projects undertaken in the City of Saskatoon and surrounding areas. (2019 Report – Volume 1, p. 202, Recommendation 9; Public Accounts Committee agreement March 1, 2022)***

#### **Status—Partially Implemented**

The Saskatchewan Health Authority selects Saskatoon-area capital maintenance projects based on priority, but does not consistently maintain documentation supporting its rationale for changing project priorities.

Capital maintenance projects are larger or more complex maintenance activities (e.g., roof repairs, boiler replacement).

We found the Authority uses an online database to assign priority ratings for its annual capital maintenance projects. The database automatically calculates priority ratings based on various project details (e.g., likelihood of failure, safety concerns, non-compliance with fire code). A team of directors (representatives from the Authority's various locations across the province) meet to review the calculated ratings, assigning each project a rating of low to critical and determining which projects to fund.

We tested 20 capital maintenance projects and found seven projects included in the Authority's 2021–22 capital funding request where it changed prioritization of the projects without documented rationale to do so. We discussed these projects with management and found they provided reasonable verbal rationale for prioritization of these projects.



Without documentation of rationale for selecting projects, there is increased risk of the Authority prioritizing and completing capital maintenance projects that do not best address its needs. In addition, it increases the risk of not using resources (e.g., staff, budget) effectively.

### 3.8 Reporting of Maintenance Activities Occurring

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***We recommended the Saskatchewan Health Authority report to senior management the results of maintenance activities for its key healthcare facilities and components located in the City of Saskatoon and surrounding areas.*** (2019 Report – Volume 1, p. 204, Recommendation 10; Public Accounts Committee agreement March 1, 2022)

**Status**—Implemented

The Saskatchewan Health Authority regularly reports to senior management about maintenance activities for its key facilities and components in Saskatoon and surrounding areas.

We found maintenance staff provide senior management with daily and monthly reports about ongoing maintenance activities.

Daily reports include information about the longest outstanding demand and preventative maintenance requests (i.e., 10 oldest maintenance requests), as well as the average age of outstanding requests. We found maintenance staff review these reports at daily meetings with senior management (i.e., directors, executive directors, vice presidents). We reviewed the Authority's daily meeting logs for two months and found staff also discuss other matters such as workflow, demand for maintenance, and safety issues.

Maintenance staff prepare monthly reports to update management about the status of capital projects. We reviewed two monthly capital project reports and found the reports set out the Authority's capital projects along with their completion status (e.g., complete, deferred), budget status, and commentary specific to the projects (e.g., updates to project budgets, status of related procurements, details for project delays).

In June 2022, staff closed 60.8% of preventative maintenance requests generated during the month for facilities in Saskatoon and surrounding areas. As at June 30, 2022, the Saskatoon-area had 563 open demand maintenance requests of which 30.2% were older than 30 days.

Analysis and reporting of maintenance results enables the Authority to assess whether effective maintenance of its key facilities and components is occurring, or whether maintenance funding is sufficient and efficiently used.



## 4.0 SASKATOON AND SURROUNDING AREA FACILITIES

Hospitals (Acute Care) and Location		
Authority-Owned		
Royal University Hospital (Saskatoon)	Saskatoon City Hospital	St. Paul's Hospital (Saskatoon)
Humboldt District Health Complex	Lanigan Hospital	Rosthern Hospital
Wadena Hospital	Watrous District Health Complex	Wynyard Hospital
Jim Pattison Children's Hospital (Saskatoon)		
Health Centre and Other Facilities		
Authority-Owned		
Cameco Renal Health Centre (Saskatoon)	Wakaw Primary Health and Collaborative Emergency Centre	Kinsmen Children's Centre (Saskatoon)
Larson House Brief Detox (Saskatoon)	Youth Resource Centre (Saskatoon)	Borden Primary Health Centre
Delisle Community Health & Social Centre	LeRoy Community Health & Social Centre	Nokomis Health Centre
Quill Lake Community Health & Social Centre	Rosthern Community Services Building	Watson Community Health Centre
Healthcare Affiliates		
Our Neighbourhood Health Centre (Saskatoon)	Calder Centre (Saskatoon)	Strasbourg & District Health Centre
South East Health Centre (Saskatoon)	Westwinds Primary Health Centre (Saskatoon)	Idylwyld Health Centre (Saskatoon)
Long-Term Care Facilities		
Authority-Owned		
Cudworth Nursing Home/Health Centre	Golden Acres (Wynyard)	Last Mountain Pioneer Home (Strasbourg)
Manitou Lodge (Watson)	Parkridge Centre (Saskatoon)	Pleasant View Care Home (Wadena)
Quill Plains Centennial Lodge (Watson)	St. Mary's Villa (Humboldt)	
Healthcare Affiliates		
Central Haven Special Care Home (Saskatoon)	Circle Drive Special Care Home (Saskatoon)	Extendicare Special Care Home (Saskatoon)
Luther Special Care Home (Saskatoon)	Oliver Lodge (Saskatoon)	Porteous Lodge (Saskatoon)
Saskatoon Convalescent Home	Sherbrooke Community Centre (Saskatoon)	St. Ann's Home (Saskatoon)
St. Joseph's Home (Saskatoon)	Stensrud Lodge (Saskatoon)	Sunnyside Adventist Care Centre (Saskatoon)
Spruce Manor Special Care Home (Dalmeny)	Lutheran Sunset Home (Saskatoon)	Bethany Pioneer (Middle Lake)
Goodwill Manor (Duck Lake)	Lakeview Pioneer Lodge (Wakaw)	Langham Senior Citizen's Home
Mennonite Nursing Home (Rosthern)	Warman Mennonite Special Care Home	Samaritan Place (Saskatoon)

Source: Adapted from information provided by the Saskatchewan Health Authority.





## Chapter 21

# Saskatchewan Impaired Driver Treatment Centre— Delivering the Impaired Driver Treatment Program

### 1.0 MAIN POINTS

The Saskatchewan Impaired Driver Treatment Centre provides a residential treatment alternative to incarceration for adults convicted of a second or subsequent impaired driving offence.

Saskatchewan Government Insurance (SGI) reported alcohol and drug involvement as a leading contributing factor in fatal collisions in 2020 causing 36 deaths and 401 injuries.<sup>1</sup> In 2021–22, the Centre provided 6,699 days of care to the 319 clients who were admitted (2020–21: 189 clients).<sup>2</sup>

By July 2022, the Centre implemented the last remaining recommendation from our 2018 audit regarding the impaired driver treatment program.

The Centre developed the remaining program success measures and targets for its three program objectives, and reported results to its Board quarterly. Having clear and well-defined measures assists the Centre in tracking and monitoring progress toward achieving program objectives. Overall, the Centre was meeting its targets for each of the objectives at April 2022.

### 2.0 INTRODUCTION

#### 2.1 Background

The Saskatchewan Impaired Driver Treatment Centre is responsible for delivering the impaired driver treatment program to reduce driver recidivism (i.e., driving impaired again). The Centre is located in Prince Albert and provides a 28-bed residential treatment alternative to incarceration for adult clients convicted of a second or subsequent impaired driving offence. Clients participate in the three-week treatment program.

As an inpatient treatment facility, the Ministry of Health funds the Centre. The Centre received \$1.13 million from the Ministry in 2021–22 (2020–21: \$1.12 million).<sup>3</sup>

A Cabinet-appointed Board of Governors oversees the Centre. It is a designated correctional facility under *The Correctional Services Act*, and the Ministry of Justice and Attorney General has a designated seat on the Board. The Centre's vision is to provide a professional and effective response to the community by contributing to public safety and healthy attitudes toward substance use.

<sup>1</sup> SGI, *2020 Saskatchewan Traffic Collisions Report*, pp. 74–75.

<sup>2</sup> Saskatchewan Impaired Driver Treatment Centre, *Annual Report of the Board of Governors for the Year Ending March 31, 2022*, p. 5.

<sup>3</sup> *Ibid.*, p. 4.



## 2.2 Focus of Follow-Up Audit

This chapter describes our second follow-up audit of management's actions on the last remaining recommendation we first made in 2018.

In 2018, we assessed the Centre's processes to deliver the impaired driver treatment program to reduce recidivism. Our *2018 Report – Volume 1*, Chapter 9, concluded that, from December 1, 2016, to November 30, 2017, the Centre had effective processes to deliver the treatment program to reduce recidivism, other than in the areas identified in our 10 recommendations.<sup>4</sup> By August 2020, the Centre implemented nine of the 10 recommendations.<sup>5</sup>

To conduct this audit engagement, we followed the standards for assurance engagements published in the *CPA Canada Handbook—Assurance* (CSAE 3001). To evaluate the Centre's progress toward meeting our recommendation, we used the relevant criteria from the original audit. The Centre's management agreed with the criteria in the original audit.

To complete this follow-up audit, we interviewed key staff; reviewed the Centre's program objectives, measures and targets; and reviewed a sample of quarterly reports to the Board.

## 3.0 STATUS OF RECOMMENDATION

This section sets out each recommendation including the date on which the Standing Committee on Public Accounts agreed to the recommendation, the status of the recommendation at July 31, 2022, and the Centre's actions up to that date.

### 3.1 Measures to Evaluate Success of Treatment Program Set

***We recommended the Saskatchewan Impaired Driver Treatment Centre set measurable expectations to use in evaluating and reporting on the success of its treatment program to reduce impaired driving. (2018 Report – Volume 1, p. 131, Recommendation 2; Public Accounts Committee agreement January 12, 2022)***

**Status**—Implemented

The Centre set measurable expectations (measures and targets) for all three of its program objectives, and reported the results to its Board.

As shown in **Figure 1**, in October 2020, the Centre's Board approved the remaining program success measures and targets for the Centre's three program objectives.

<sup>4</sup> *2018 Report – Volume 1*, Chapter 9, pp. 127–141.

<sup>5</sup> *2020 Report – Volume 2*, Chapter 38, pp. 273–281.

**Figure 1—Saskatchewan Impaired Driver Treatment Program Success Measures**

Measure		Target
<b>Objective 1</b> Develop skills and increase motivation	Results of pre and post-tests for clients as a measure of motivation level and skills (i.e., problem solving, social skills, stage of change, self-efficacy, decisional balance). Tests are used to measure skills upon entry and at completion of the program.	Maintain 70% or higher improvement rates in client program test results
<b>Objective 2</b> Provide home community service options	Types of community supports (e.g., probation, addictions services, Alcoholics Anonymous, non-structured support such as friends, family, cultural traditions) clients choose to access after completing the treatment program	100% of clients aware of supports in their communities  Provide all clients with information on post-program support
<b>Objective 3</b> Work with partner agencies to maintain health services and positive public relations	To create an environment that promotes client and staff safety by promoting a culture of quality improvement and safety. 1) Quarterly reports on client safety incidences with the goal of zero unaddressed and unresolved incidences 2) Quarterly reports on staff safety incidences with the goal of achieving zero Workers' Compensation Board claims (or zero unaddressed) 3) Quarterly OH&S meetings with zero unresolved OH&S items	Zero unaddressed incidences

Source: Adapted from Saskatchewan Impaired Driver Treatment Centre information.

Note: Shaded areas highlight the new measure and targets approved by the Board at its October 2020 meeting.

Each quarter, the Centre provides the Board with summarized results for each objective.

We reviewed the quarterly reports between April 2021 and July 2022. We found the Centre adequately reported the summarized results to its Board and, for the most part, was meeting the targets. If a target was not met, the Centre described action plans to improve the results.

For example, the January 2022 report noted for Objective 1 that clients had not met the improvement target in relation to social skills and decisional balance (i.e., did not maintain improvement rates of 70% or higher). The report noted the Director and clinical supervisor were working with new counsellors to improve client results. By April 2022, the Centre was again meeting its target of 70% or higher improvement rates in client program test results (e.g., social skills, decisional balance).

Having clear and well-defined measures assist the Centre in tracking and monitoring progress toward achieving its program objectives. Reporting results against measures and targets also assist the Centre in determining whether its treatment program operates effectively.



## Chapter 22

### Saskatchewan Polytechnic—Carrying Out Applied Research

#### 1.0 MAIN POINTS

Saskatchewan Polytechnic (Sask Polytech) provides applied research to governments, corporations, and other third parties, often by entering into agreements for performing applied research. In 2021–22, Sask Polytech earned applied research revenue of \$11.1 million.<sup>1</sup>

Effective applied research processes help maintain the viability of research activities, and help protect Sask Polytech's reputation with funding partners (e.g., research funding agencies such as Natural Sciences and Engineering Research Council or industry partners).<sup>2</sup>

By September 2022, Sask Polytech improved its processes to carry out applied research by implementing all five recommendations we made in our 2020 audit.

Sask Polytech:

- Expanded on the measures used to assess the success of its applied research beyond annual research revenue
- Implemented a new policy requiring all research projects with external funding in excess of \$5,000 to have a written agreement between the industry partner and Sask Polytech
- Developed a new research database to centralize and track research projects
- Developed a new process to require all staff and students to sign off annually on its Code of Conduct

#### 2.0 INTRODUCTION

This chapter describes our first follow-up audit of management's actions on the recommendations we made in 2020.<sup>3</sup>

In 2020, we assessed Saskatchewan Polytechnic's processes to carry out applied research. Our *2020 Report – Volume 2*, Chapter 22, concluded Sask Polytech had, other than the areas of our recommendations, effective processes, for the 12-month period ended January 31, 2020, to carry out applied research. We made five recommendations.

<sup>1</sup> Sask Polytech financial records.

<sup>2</sup> Industry partners are companies that choose to partner with Sask Polytech in an applied research project.

<sup>3</sup> *2020 Report – Volume 2, Chapter 22*, pp. 165–181.



To conduct this audit engagement, we followed the standards for assurance engagements published in the *CPA Canada Handbook—Assurance* (CSAE 3001). To evaluate Sask Polytech's progress toward meeting our recommendations, we used the relevant criteria from the original audit. Sask Polytech management agreed with the criteria in the original audit.

To complete this follow-up audit, we discussed actions taken by management responsible for the administration of applied research at Sask Polytech. We observed the processes, policies, and reports management prepared to meet our recommendations, and reviewed a sample of research projects' supporting documentation.

## 3.0 STATUS OF RECOMMENDATIONS

This section sets out each recommendation including the date on which the Standing Committee on Public Accounts agreed to the recommendation, the status of the recommendation at September 6, 2022, and Saskatchewan Polytechnic's actions up to that date.

### 3.1 Measures to Assess Success of Applied Research Broadened

***We recommended Saskatchewan Polytechnic broaden the measures used to assess the success of its applied research beyond annual growth in research revenue.*** (2020 Report – Volume 2, p. 170, Recommendation 1; Public Accounts Committee agreement September 6, 2022)

**Status**—Implemented

Saskatchewan Polytechnic established additional success measures to evaluate the achievement of its applied research objectives, beyond focusing solely on generating research revenues.

Beginning in its 2021–22 Annual Report, Sask Polytech included additional applied research success measures, such as:<sup>4</sup>

- The number of, and total funding for, external applied research projects awarded during the fiscal year
- The number of faculty members and researchers who participated in applied research projects
- The number of students who were paid participants in applied research projects
- The number of internal projects awarded through its Seed Applied Research Program<sup>5</sup>

We found these new applied research measures reasonable metrics to support Sask Polytech and its stakeholders (e.g., research funding agencies, industry partners) in

<sup>4</sup> *Saskatchewan Polytechnic Annual Report 2021–2022*, pp. 28–29.

<sup>5</sup> The Seed Applied Research Program (SARP) assists in developing faculty members' applied research ideas and scholarly activities. Each year, SARP provides researchers with six available grants of up to \$6,000 each.

evaluating its processes to secure applied research projects, and in providing its stakeholders with the best research projects possible. For example, as a teaching institution, reporting on the number of students involved in research projects is important. Offering opportunities for students to get involved in applied research helps to drive research projects and attract students to Sask Polytech.

Management indicated it also began obtaining feedback from its industry partners to help assess the quality of its research; however, poor response rates resulted in Sask Polytech choosing to not report on this measure.

### 3.2 Process to Sign Off on Code of Conduct Developed

***We recommended Saskatchewan Polytechnic confirm staff and students reaffirm their commitment to the Code of Conduct at least annually, as required by policy.*** (2020 Report – Volume 2, p. 174, Recommendation 2; Public Accounts Committee agreement September 6, 2022)

#### **Status**—Intent of Recommendation Implemented

By September 2022, Saskatchewan Polytechnic developed an adequate process requiring staff and students to review and to sign off on its Code of Conduct annually.

Prior to this process change, Sask Polytech sent an annual reminder to staff and students to electronically complete the requirement of reaffirming their commitment to the Code of Conduct policy (annual acknowledgement). We found this process did not effectively reach all staff and students, and in some cases, where the reminder reached staff and students, they did not complete it.

We found, under the revised process, when students or staff log into Sask Polytech's network, a pop-up box (i.e., Terms of Use) will require the user to complete the Code of Conduct acknowledgement. If the user tries to decline the acknowledgement, the network will reject the user's attempt to gain system access.

Users require network access to obtain course material, document and track research, and register for classes. Sask Polytech planned to implement the revised process by October 2022.

Annual acknowledgement of the Code of Conduct policy provides staff and students with reminders of acceptable business practices and the need to consider whether they have any conflicts of interest to disclose.

### 3.3 Project Database Developed

***We recommended Saskatchewan Polytechnic maintain an accurate and complete inventory of its applied research projects (e.g., project status, project dates, ethics approvals).*** (2020 Report – Volume 2, p. 180, Recommendation 5; Public Accounts Committee agreement September 6, 2022)

#### **Status**—Implemented





Saskatchewan Polytechnic developed a new database for applied research projects that requires staff to enter all key project information (e.g., project status, project dates, ethics approvals).

As at September 2022, the Research Office was still entering data into the new database and had entered approximately 220 funding applications, of which 70 related to active applied research projects. Sask Polytech had 165 active applied research projects in 2021–22.

Our review of applied research projects entered into the new database at September 2022, found staff entered existing research project information into the database accurately.

Improving its current documentation of research projects will better position Sask Polytech to track and report on projects as it grows its applied research activities and its project numbers increase.

### 3.4 Key Project Risks Being Documented

***We recommended Saskatchewan Polytechnic always document its assessment of the associated key risks of externally funded applied research projects prior to deciding to pursue the project. (2020 Report – Volume 2, p. 177, Recommendation 3; Public Accounts Committee agreement September 6, 2022)***

**Status**—Implemented

Saskatchewan Polytechnic documents key risks associated with externally funded applied research projects in the new database.

We found the new database contained key project information (e.g., project status, project dates) and documentation of key project risks.

When evaluating whether to pursue a potential applied research project, Sask Polytech considers the following risks:

- Capacity risk—its capacity to do the research (e.g., does it have the necessary technical knowledge, can it meet the project deadline)
- Reputational risk—whether the scope and purpose of the project fit within Sask Polytech’s values (e.g., respect, integrity)
- Financial viability risk—whether expected revenue will be sufficient to cover expected costs including related overhead costs and whether funders will offset costs
- Ethical risk—potential ethical considerations (e.g., studies with human participants)

Formally documenting its project viability evaluation for all potential externally funded applied research projects decreases the risk of Sask Polytech undertaking projects it cannot complete.

Prior to the development of its new database, Sask Polytech researchers documented their assessment of project risk as part of the funding agency's standard project application. Researchers will now document their assessment of project risk using the new database that will prompt researchers to consider all areas of risk and attach documentation supporting the assessed level of risk.

Sask Polytech planned to have all risk assessments for active applied research projects entered into its database by the end of October 2022.

Documenting risk assessments in the database will allow Sask Polytech to easily recall the basis for decisions about project viability and acceptance.

### 3.5 Funding Agreements Established with External Partners

***We recommended Saskatchewan Polytechnic establish guidance about requiring funding agreements with industry partners involved in applied research projects.*** (2020 Report – Volume 2, p. 179, Recommendation 4; Public Accounts Committee agreement September 6, 2022)

#### **Status—Implemented**

Saskatchewan Polytechnic developed and implemented a policy requiring all applied research projects with funding in excess of \$5,000 to have a written agreement, signed by Sask Polytech and its industry partners.

Funding agreements for research projects typically set out responsibilities of the parties involved, funding details (e.g., cash or in-kind contributions), termination conditions, key deliverables, and associated project deadlines.

Our testing of six applied research projects with funding greater than \$5,000 found all six projects had a documented research agreement signed by Sask Polytech and the industry partner.

Having established funding agreements with industry partners assists Sask Polytech in recovering agreed upon project funding if a partner terminates its involvement with a project. This allows Sask Polytech to complete the project and meet its deliverables to other stakeholders (such as federal granting agencies where industry partners match federal funding).



## Chapter 23

# Saskatchewan Public Safety Agency—Coordinating Provincial Emergency Preparedness

### 1.0 MAIN POINTS

By August 2022, the Saskatchewan Public Safety Agency improved its processes to coordinate provincial emergency preparedness. It took sufficient steps to implement the last remaining recommendation we originally made in our 2015 audit.

The Agency finalized an update to its *Saskatchewan Provincial Emergency Management Plan*, and Cabinet endorsed this updated Plan in May 2022. As part of this update, emergency plans from key stakeholders must now align with the Provincial Emergency Management Plan.<sup>1</sup> The Agency continues to utilize various training opportunities, templates, and tabletop exercises to educate key stakeholders on what it expects in individual stakeholder emergency plans.

The Agency also developed a review process for each key stakeholder's emergency plan to assess each plan's alignment with the Provincial Emergency Management Plan. The Agency expects to complete these reviews by August 2023.

Aligning key stakeholder plans with the Provincial Emergency Management Plan helps the Government respond to emergencies in a timely, efficient, and coordinated manner. This can help reduce the human and financial impact of emergencies, and support the recovery process.

### 2.0 INTRODUCTION

The Saskatchewan Public Safety Agency is responsible for province-wide emergency plans and coordinating preparedness for provincial emergencies.<sup>2</sup> In accordance with legislation, the Agency maintains the Provincial Emergency Management Plan intended to direct cross-government emergency planning, response, and recovery.<sup>3</sup> The Ministry of Government Relations was responsible for these matters until June 2019.<sup>4</sup>

This chapter describes our third follow-up audit of management's actions on the last remaining recommendation we initially made in 2015 about processes to coordinate emergency preparedness for provincial emergencies.<sup>5</sup> Our *2020 Report – Volume 2*,

<sup>1</sup> Key stakeholders include nine government agencies: the Ministries of Environment, Government Relations, Health, Highways, and Social Services along with SaskEnergy, SaskPower, SaskTel, and the Water Security Agency.

<sup>2</sup> Emergencies in the province can include those that are widespread (i.e., affect multiple communities), cause significant disruption or delay in services, have a definite and potential widespread threat to life, or cause significant damage to infrastructure. Examples include floods, forest fires, health epidemics, infrastructure failure, or transportation incidents. These emergencies may require support from the provincial Government (i.e., one or more of its agencies).

<sup>3</sup> *The Emergency Planning Act*, s.5(a).

<sup>4</sup> On June 24, 2019, the responsibilities of *The Emergency Planning Act* transferred from the Ministry of Government Relations to the Saskatchewan Public Safety Agency. (Order in Council 270/2019).

<sup>5</sup> *2015 Report – Volume 1, Chapter 12*, pp. 115–136. At the time of the audit, the Ministry of Government Relations was responsible for processes to coordinate emergency preparedness for provincial emergencies. We made four recommendations.



Chapter 40, concluded that two of the three outstanding recommendations were implemented, and that the third was partially implemented.<sup>6</sup>

To conduct this audit engagement, we followed the standards for assurance engagements published in the *CPA Canada Handbook—Assurance* (CSAE 3001). To evaluate the Agency's progress toward meeting our recommendations, we used the relevant criteria from the original audit. The Ministry of Government Relations agreed with the criteria in the original audit.

To carry out our follow-up audit, we discussed actions taken with management and reviewed key documents provided by management (e.g., plans, training materials, meeting minutes, reports).

## 3.0 STATUS OF RECOMMENDATION

This section sets out the recommendation including the date on which the Standing Committee on Public Accounts agreed to the recommendation, the status of the recommendation at August 31, 2022, and the Agency's actions up to that date.

### 3.1 Process to Align Stakeholder Emergency Plans with Provincial Plan Established

***We recommended the Saskatchewan Public Safety Agency (formerly responsibility of Ministry of Government Relations) periodically and formally confirm that emergency plans of all key stakeholders align with the Provincial Emergency Management Plan. (2015 Report – Volume 1, p. 132, Recommendation 4; Public Accounts Committee agreement September 15, 2016)***

#### **Status—Intent of Recommendation Met**

Since our 2020 follow-up audit, the Agency finalized an update to, and received Cabinet endorsement of, the Provincial Emergency Management Plan requiring all individual key stakeholder plans to align with the Provincial Emergency Management Plan. The Agency also established a review process to assess alignment of each key stakeholder's plan with the Provincial Emergency Management Plan.

The recently updated Provincial Emergency Management Plan includes a new requirement that the emergency plans of each key stakeholder:

- Align with the Provincial Emergency Management Plan to help ensure consistency in the Government's overall approach to emergency management and response
- Outline the manner and means by which the stakeholder will minimize the impact of an emergency or disaster on provision of its essential services

We found the Agency made the Provincial Emergency Management Plan available to all key stakeholders. Since our last follow-up audit, the Agency continues to educate key

<sup>6</sup> 2020 Report – Volume 2, Chapter 40, pp. 289–292.

stakeholders by using various training courses, templates, and tabletop exercises to discuss, document, and define what it expects in individual emergency plans.

The Agency is responsible for confirming that key stakeholders' plans align with *The Emergency Planning Act*. We found the Agency established a sufficient review process in which the Agency will assess the content of each individual stakeholder plan and provide feedback as necessary to ensure alignment with the Provincial Emergency Management Plan.

While this review process has not yet occurred, the Agency documented its review process and expects to utilize the Emergency Operations Advisory Committee along with ongoing tabletop exercises to continue educating key stakeholders on these new requirements.<sup>7,8</sup> The Committee's next scheduled meeting is in November 2022. The Agency also anticipates conducting its first formal review of each stakeholder's emergency plan within the next year (i.e., by August 2023).

Periodic, formal confirmation that key stakeholder emergency plans align with the Provincial Emergency Management Plan provides confidence there will be an overall and consistent approach to emergency management. It also assists key stakeholders in delivering on expected roles in the event of a provincial emergency.

<sup>7</sup> This Committee is a forum for discussion related to business continuity and emergency management issues and policies. The Committee's mandate includes monitoring and evaluating changes in emergency practices, standards and legislation along with assisting with the development and maintenance of the Provincial Emergency Management Plan.

<sup>8</sup> This Committee is comprised of the Emergency Planning Officers, or their respective designates, from the various government ministries, crown corporations and other crown agencies, as well as a representative from the provincial police service and Public Safety Canada.



## Chapter 24

# Social Services—Minimizing Employee Absenteeism

### 1.0 MAIN POINTS

By August 2022, the Ministry of Social Services implemented the two remaining recommendations first reported in our 2015 audit related to minimizing employee absenteeism.

The Ministry actively encourages supervisors to take available attendance management training, monitors completion, and regularly provides senior management with information about staff absenteeism. In addition, the Ministry recently assessed the effectiveness of its attendance management strategies and planned to report the results to senior management in fall 2022.

Training promotes understanding of attendance management expectations, and provides guidance to supervisors to address absenteeism issues with their staff. Reporting on attendance management strategies helps senior management understand causes for employee absenteeism and whether actions taken are successfully reducing absenteeism.

### 2.0 INTRODUCTION

The Ministry of Social Services delivers various programs and services in the areas of income support, child and family programs, affordable housing, and support for people with disabilities.<sup>1</sup> Annually, the Ministry spends over \$120 million on salaries.

In 2015, we assessed the Ministry's processes to minimize employee absenteeism. Our *2015 Report – Volume 2*, Chapter 39, concluded that the Ministry of Social Services had effective processes to minimize employee absenteeism, other than the matters reflected in our four recommendations.<sup>2</sup> By July 2020, the Ministry fully implemented two recommendations and partially implemented two.<sup>3</sup> This chapter describes our third follow-up of management's actions on the two outstanding recommendations.

To conduct this audit engagement, we followed the standards for assurance engagements published in the *CPA Canada Handbook—Assurance* (CSAE 3001). To evaluate the Ministry's progress toward meeting our recommendations, we used the relevant criteria from the original audit. The Ministry's management agreed with the criteria in the original audit.

To carry out this follow-up audit, we discussed actions taken with management and examined the Ministry's training and absenteeism reports.

<sup>1</sup> Ministry of Social Services, *Annual Report for 2021–22*, p. 4.

<sup>2</sup> *2015 Report – Volume 2*, Chapter 39, pp. 267–277.

<sup>3</sup> *2018 Report – Volume 1*, Chapter 31, pp. 299–302 and *2020 Report – Volume 2*, Chapter 43, pp. 303–306.





## 3.0 STATUS OF RECOMMENDATIONS

This section sets out each recommendation including the date on which the Standing Committee on Public Accounts agreed to the recommendation, the status of the recommendation at August 31, 2022, and the Ministry's actions up to that date.

### 3.1 Attendance Management Training Encouraged and Monitored

***We recommended the Ministry of Social Services actively encourage supervisors to take available attendance management training and monitor participation.*** (2015 Report – Volume 2, p. 273, Recommendation 1; Public Accounts Committee agreement March 14, 2017)

**Status**—Implemented

The Ministry of Social Services requires supervisors to take attendance management training and monitors training completion.

The Ministry expects supervisors to complete online attendance management training provided by the Public Service Commission and continues to work toward a 90% completion rate.<sup>4</sup> At May 2022, over 83% of the Ministry's supervisors have taken the attendance management training. This compares to a 64% completion rate at the time of our 2020 follow-up audit.

Annually, Ministry staff email training completion data to senior management, along with a reminder for senior management to follow up with their staff who have yet to complete the required training. The Ministry's last communication occurred in May 2021, and it expected to do so again in fall 2022. For two quarters, we found the Ministry's quarterly sick-leave usage emails to executive directors also included a reminder to encourage staff to complete the required attendance management training.

Training supports understanding of attendance management expectations, and provides guidance to supervisors to address absenteeism issues with their staff. Actively monitoring training participation enables the Ministry to focus its efforts on supervisors who have not taken the training.

### 3.2 Reports on Attendance Management Strategies Provided

***We recommended the Ministry of Social Services give senior management periodic reports on the effectiveness of its attendance management strategies, including detailed analysis of the results.*** (2015 Report – Volume 2, p. 276, Recommendation 4; Public Accounts Committee agreement March 14, 2017)

**Status**—Implemented

<sup>4</sup> The Public Service Commission, as the central human resource agency for ministries, provides guidance on managing absenteeism.

The Ministry of Social Services' staff regularly provide senior management with information about staff absenteeism. It recently assessed the effectiveness of its attendance management strategies and planned to report the results to senior management in fall 2022.

Senior management continues to receive quarterly reports on average sick leave usage. The Ministry's average sick leave usage rate per full-time equivalent employee, including medical leaves, has remained relatively unchanged since our 2020 follow-up audit (2019–20: 10.42 days; 2020–21: 7.68 days; 2021–22: 11.19 days).<sup>5</sup>

We found the Ministry continues to work toward a target of seven days of sick leave per full-time equivalent employee. The Ministry acknowledged its target is aggressive and difficult to achieve given the type of client situations (e.g., poverty, addictions, family violence) staff in the human services field generally encounter.

We found Ministry staff also provided senior management with a presentation about attendance management and medical accommodations in March 2021. The presentation included statistics about sick leave utilization since 2014–15, along with the number of staff on definite leaves of absence.<sup>6</sup> We found the presentation provided explanations for changes in the data (e.g., a reduction in sick leave utilization during 2020–21 partially due to staff working from home during the COVID-19 pandemic and conducting less services in the community, which may have reduced their exposure to stressful situations). The presentation also highlighted the Ministry's return-to-work and accommodations strategies, such as it staffing a disability consultant and using the "Be At Work" program.<sup>7</sup> The Ministry indicated it expects to provide a similar presentation to senior management in fall 2022.

In April 2022, the Ministry prepared an ad hoc report assessing the effectiveness of the attendance management strategies it implemented to minimize employee absenteeism. We found the report included both qualitative and quantitative assessment on the various strategies, along with recommended improvements (e.g., improving awareness of the "Be At Work" program). The Ministry indicated it expects to present this report to its senior management in fall 2022.

Reporting on attendance management strategies helps senior management understand causes for employee absenteeism and whether actions taken are successfully reducing absenteeism.

<sup>5</sup> The Ministry's 2021–22 average sick leave usage rate per full-time employee, excluding medical leaves, was 7.46 days (2020–21: 6.47 days).

<sup>6</sup> At June 30, 2022, the Ministry had 37 employees on definite leaves of absence, compared to 44 employees at March 31, 2020.

<sup>7</sup> The "Be At Work" program is designed to coordinate handling of workplace injuries, medical accommodations, and health-related absences between the Ministry and the Public Service Commission.



## Chapter 25

# Western Development Museum—Permanently Removing Historical Artifacts

### 1.0 MAIN POINTS

By August 2022, the Western Development Museum fully implemented the one outstanding recommendation we first made in our 2016 audit regarding permanently removing historical artifacts from its collections.

The Museum developed its Collections Development Plan to guide systematic review of planned deaccession projects.<sup>1</sup> It includes a list of artifact collections and items to assess for removal from the collection, and criteria to assess each item. The Museum's Board of Directors approved this plan in November 2020. The Museum started evaluating its collection using the Plan in 2020 and expects to complete this work in five years.

### 2.0 INTRODUCTION

#### 2.1 Background

The Western Development Museum is the keeper of Saskatchewan's collective heritage.<sup>2</sup> A Cabinet-appointed Board of Directors manages the Museum.

The Museum is responsible for collecting, preserving, restoring, and exhibiting objects of historical value and importance to Saskatchewan, and for their disposal under *The Western Development Museum Act*.<sup>3</sup> It has a collection of over 75,000 artifacts ranging from pins to locomotives in four locations in the province (Saskatoon, Moose Jaw, North Battleford and Yorkton). Its Corporate Office in Saskatoon is responsible for administrative and curatorial functions, as well as for collections storage.<sup>4</sup>

#### 2.2 Focus of Follow-Up Audit

This chapter describes our third follow-up audit of management's actions on the eight recommendations we made in our 2016 audit about the Museum's processes to permanently remove historical artifacts from its collections.<sup>5</sup> By March 31, 2020, the Museum implemented seven of the eight recommendations made in our 2016 audit. It had not fully implemented one recommendation.<sup>6</sup>

To conduct this audit engagement, we followed the standards for assurance engagements published in the *CPA Canada Handbook—Assurance* (CSAE 3001). To evaluate the

<sup>1</sup> Deaccession – to officially remove an artifact from listed holdings of a library or museum.

<sup>2</sup> *Western Development Museum, 2020–21 Annual Report*, p. 4.

<sup>3</sup> Sections 11 and 16 of *The Western Development Museum Act*.

<sup>4</sup> [www.wdm.ca/about-wdm/](http://www.wdm.ca/about-wdm/) (14 September 2022).

<sup>5</sup> *2016 Report – Volume 2, Chapter 30*, pp. 205–216.

<sup>6</sup> *2020 Report – Volume 2, Chapter 45*, pp. 309–312 and *2018 Report – Volume 2, Chapter 48*, pp. 313–318.



Museum's progress toward meeting our recommendations, we used the relevant criteria from the original audit.

Our follow-up audit included discussions with Museum staff, reviewing supporting documentation, communications and policies, and testing artifact disposals.

## 3.0 STATUS OF RECOMMENDATION

This section sets out the recommendation including the date on which the Standing Committee on Public Accounts agreed to the recommendation, the status of the recommendation at August 31, 2022, and the Western Development Museum's actions up to that date.

### 3.1 Plan in Place to Systematically Review Artifacts for Removal

***We recommended the Western Development Museum systematically review its collections to identify potential artifacts for removal. (2016 Report – Volume 2, p. 212, Recommendation 3; Public Accounts Committee agreement March 21, 2017)***

**Status**—Implemented

The Western Development Museum completed its Collections Development Plan to help guide staff on project-based reviews of its collection (e.g., automobiles, pump organs). The Museum's Board of Directors approved the Plan in November 2020 and plans to review and update the plan every five years.

The Collections Development Plan includes a summary of key projects that the Museum identified as priorities for staff to assess (i.e., identifying potential artifacts to deaccession). We found that the Museum has started or has plans to complete these projects within the period of the Collections Development Plan (i.e., five years).

Additionally, the Plan includes a sufficient assessment tool to help guide Museum staff in their assessments of artifacts. The tool requires staff to assess each artifact using established criteria including artifact condition, historical significance to Saskatchewan, rarity, and other aspects that increase the value to the Museum. Using the assessment, staff recommend whether the artifact should remain in the collection or be removed and disposed.

For example, the Museum started assessing its collection of antique vehicles from the 1920's in 2020 using the new tool. It is assessing the condition and significance of all automobiles in its collection.

We found staff consistently used this tool when assessing the Museum's artifact collection. We tested nine artifact assessments and found staff appropriately completed the assessment tool. In April 2022, the Board approved these nine items for disposal.

Having an approved Plan to guide a project-based review of the Museum's collection can help reduce costs and increase available storage space for artifacts that have more value and significance to the Museum.





## Standing Committees

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## Chapter 26

# Standing Committee on Crown and Central Agencies

### 1.0 MAIN POINTS

Through its work and recommendations, the Standing Committee on Crown and Central Agencies helps the Legislative Assembly hold the Government of Saskatchewan accountable for its management of the Crown Investments Corporation of Saskatchewan (CIC) and its subsidiary corporations. The Committee does this, in part, by reviewing chapters in our Reports, as well as reviewing annual reports and related financial statements of agencies within its assigned scope.

From October 1, 2021 to September 30, 2022, the Committee did not consider any chapters from our Reports or annual reports of CIC and its subsidiaries. However, as at September 2022, the Committee is relatively up-to-date on its review of chapters in our Reports related to CIC and its subsidiaries with six chapters yet to review.

The Committee expects to start its review of the 2021–22 annual reports of CIC and its subsidiaries, as well as our Report chapters, in late 2022.

CIC and its subsidiary corporations' implementation of the Committee's recommendations related to our audit work remains strong. As of September 2022, the Government fully implemented 85% of the Committee's recommendations, and partially implemented 71% of the remaining recommendations.

### 2.0 INTRODUCTION

This chapter outlines the Standing Committee on Crown and Central Agencies' role and responsibilities mainly focusing on those responsibilities and activities related to our Office's audit work since October 2021. It also describes the overall status of the Committee's recommendations resulting from our audit work, along with the status of its review of CIC and its subsidiary corporations' annual reports.<sup>1</sup>

#### 2.1 The Standing Committee on Crown and Central Agencies' Role and Responsibilities

The Standing Committee on Crown and Central Agencies is one of the Legislative Assembly's four policy field committees.<sup>2</sup> The Committee's assigned scope encompasses CIC and its subsidiary corporations, supply and services (e.g., Ministry of SaskBuilds and Procurement), central government agencies (e.g., Ministry of Finance), liquor, gaming, and

<sup>1</sup> CIC's subsidiary corporations include Saskatchewan Power Corporation, Saskatchewan Telecommunications Holding Corporation, Saskatchewan Gaming Corporation, SaskEnergy Incorporated, Saskatchewan Water Corporation, and Saskatchewan Government Insurance. Effective April 1, 2022, the government moved the Saskatchewan Opportunities Corporation under the authority of Innovation Saskatchewan (i.e., as a single agency). Therefore, it is no longer a CIC subsidiary corporation.

<sup>2</sup> Policy field committees include the Standing Committee on Crown and Central Agencies, Standing Committee on the Economy, Standing Committee on Human Services, and Standing Committee on Intergovernmental Affairs and Justice.





all other revenue-related agencies and entities. See **Figure 1** for a brief description of a policy field committee's responsibilities.

**Figure 1—Policy Field Committees' Responsibilities**

The Legislative Assembly makes policy field committees responsible for examining certain documents within their assigned subject area. These documents include bills and regulations (proposed laws), estimates, and annual reports. During their reviews, these committees can consider issues of current concern, future objectives, and past performance.

Policy field committees can also conduct inquiries into matters within their mandated subject area. They provide the Assembly with reports on their activities and can make recommendations to the Assembly for its consideration.

The Standing Committee on House Services determines the membership for each policy field committee. Policy field committee meetings are open to the public. The Assembly's website contains information about the composition of each committee and records of their meetings (i.e., meeting notices, Hansard verbatim, minutes, videos, and reports).

Each committee establishes a steering committee composed of the Chair and Deputy Chair. The steering committee determines how it will plan and organize its business and makes recommendations related to the committee's meeting agenda, the calling of witnesses, and times of sittings. Their meetings are conducted in-camera and, unless otherwise authorized, decisions made by the steering committee must be ratified by the full committee.

Source: [www.legassembly.sk.ca/media/1877/currentruleswithdestinations.pdf#Policyfieldcommittees](http://www.legassembly.sk.ca/media/1877/currentruleswithdestinations.pdf#Policyfieldcommittees) (5 September 2022).

The Assembly gave the Committee the following responsibilities in addition to those typically given to a policy field committee:

- The Assembly, through *The Provincial Auditor Act* and under its *Rules and Procedures of the Legislative Assembly of Saskatchewan*, refers portions of our Reports (chapters) related to CIC and its subsidiary corporations to the Committee.<sup>3</sup> When the Committee considers chapters from our Reports, our Office and the corporations' appointed auditor, if any, attend to assist in its review.
- The Assembly requires the Minister responsible for CIC to notify the Committee, in writing, about significant transactions of CIC and any of its subsidiaries within 90 days of the transaction.<sup>4</sup> The notification must outline the transaction's objectives, the financial implications, a statement of any changed liabilities, and the authority under which the transaction was made.<sup>5</sup>
- The Assembly periodically refers regulations and bylaws of professional associations (e.g., CPA Saskatchewan) to the Committee for its review.

**Figure 2** lists the members of the Standing Committee on Crown and Central Agencies.

**Figure 2—Standing Committee on Crown and Central Agencies' Members at September 30, 2022**

Member Name		
Fred Bradshaw, Chair Erika Ritchie, Deputy Chair	Steven Bonk Ken Cheveldayoff Mark Docherty	Greg Lawrence Doug Steele

Source: [www.legassembly.sk.ca/legislative-business/legislative-committees/crown-and-central-agencies/](http://www.legassembly.sk.ca/legislative-business/legislative-committees/crown-and-central-agencies/) (13 October 2022).

<sup>3</sup> Section 14.1(8) of *The Provincial Auditor Act* and rule 145(3) of *The Rules and Procedures of the Legislative Assembly of Saskatchewan*.

<sup>4</sup> The Committee defines significant transactions as those that are material in amount and outside the ordinary course of business, or are judged to be sensitive and likely of interest to legislators and the public.

<sup>5</sup> Rule 145(4) of *The Rules and Procedures of the Legislative Assembly of Saskatchewan*.

## 2.2 Frequency and Purpose of Committee Meetings

For the period from October 1, 2021 to September 30, 2022, the Standing Committee on Crown and Central Agencies met nine times (prior period: eight times). The purpose of these meetings was to review bills (proposed laws), annual reports, and the 2022–23 Estimates related to agencies within its subject area.

During this period, the Committee made three reports to the Assembly:

- On November 16, 2021, the Committee presented the *Second Report of the Twenty-Ninth Legislature*. The report detailed the work of the Committee for the period from June 30, 2020 to November 16, 2021.
- On December 2, 2021, the Committee presented the *Third Report of the Twenty-Ninth Legislature*. The report outlined the 2021–22 Supplementary Estimates considered, and the resolutions adopted by the Committee.
- On May 12, 2022, the Committee presented the *Fourth Report of the Twenty-Ninth Legislature*. The report outlined the 2022–23 Estimates and 2021–22 Supplementary Estimates considered, and the resolutions adopted by the Committee.

The Committee did not receive any significant transaction reports.

## 3.0 STATUS OF COMMITTEE WORK

### 3.1 Committee Work Related to Our Audits Relatively Current

Even though the Standing Committee on Crown and Central Agencies did not consider any chapters from our Reports from October 1, 2021 to September 30, 2022, it is relatively up-to-date on its review of our Report chapters related to audits of CIC and/or its subsidiaries.

As shown in **Figure 3**, as at September 30, 2022, the Committee had not yet considered six chapters from our Reports. The oldest chapter is from our *2021 Report – Volume 2* released in December 2021 (less than a year ago).

**Figure 3—Chapters the Committee Had Not Yet Considered as of September 30, 2022**

Agency	Report	Chapter	New Recommendations to be Considered
Saskatchewan Government Insurance	2022 – Volume 1	16	-
	2022 – Volume 1	17	-
Saskatchewan Gaming Corporation	2021 – Volume 2	17	7
SaskPower	2022 – Volume 1	25	-
Standing Committee on Crown & Central Agencies	2021 – Volume 2	39	-
SaskEnergy	2022 – Volume 1	24	-



The Committee last reported to the Assembly about its review of our chapters on November 16, 2021 (i.e., *Second Report of the Twenty-Ninth Legislature*). This report contained eight recommendations resulting from its review of relevant chapters for the period from June 30, 2020 to November 16, 2021.<sup>6</sup>

### 3.2 Implementation of the Committee's Audit-Related Recommendations Remains Strong

CIC and its subsidiaries' implementation of the Committee's recommendations related to our audit work remains strong. By September 30, 2022, they fully implemented 85% of the Committee's 48 recommendations, and partially implemented 71% of the remaining recommendations.<sup>7,8</sup>

**Figure 4** sets out the seven outstanding recommendations agreed to by the Committee and their status at September 30, 2022.

**Figure 4—Status of Committee Recommendations Not Fully Implemented at September 30, 2022**

Outstanding Recommendation by Corporation <sup>A</sup>	Status
<b>Saskatchewan Water Corporation—Purchasing Goods and Services</b> (2018 Report – Volume 1)	
10-2 Require staff to include documented rationale for selecting non-competitive procurement methods for purchases over \$25,000 on purchase orders submitted for approval.	Partially Implemented (as of December 31, 2019)
10-3 Require staff to report regularly on purchases using sole-sourcing to senior management and the Board.	Partially Implemented (as of December 31, 2019)
10-6 Follow established procurement policies when approving the purchase of goods and services.	Partially Implemented (as of December 31, 2019)
10-7 Track performance problems with suppliers in a way that this information is available to staff making purchasing decisions.	Not Implemented (as of December 31, 2019)
<b>Saskatchewan Power Corporation—Maintaining Above-Ground Distribution Assets</b> (2018 Report – Volume 2)	
25-6 Where Saskatchewan Power Corporation does not follow its plan for maintaining above-ground assets used to distribute electricity, it formally assess the consequences of not completing such maintenance.	Partially Implemented (as of March 4, 2022)
25-7 Regularly report to its senior management on the status of its maintenance activities and, if applicable, the consequences of not completing planned maintenance for above-ground assets used to distribute electricity.	Partially Implemented (as of March 4, 2022)
<b>Saskatchewan Power Corporation—Planning to Shut Down and Decommission Boundary Dam</b> (2020 Report – Volume 2)	
23-1 Use the cost estimate classification system adopted by the Saskatchewan Environmental Code to determine the contingency percentage used to estimate costs for decommissioning and reclaiming the Boundary Dam Power Station site	Not Implemented (as of July 31, 2020)

<sup>A</sup> The number preceding the outstanding recommendation reflects the chapter and recommendation number of our related report.

<sup>6</sup> The Committee's previous report to the Assembly resulting from its review of our Reports was the *Ninth Report of the Twenty-Eighth Legislature* tabled on June 30, 2020.

<sup>7</sup> The Committee asked our Office to assess and report on the status of the recommendations the Committee makes and reports to the Assembly resulting from our audit work. We assess the status of financial-related recommendations each year as part of annual integrated audits. As part of performance audit follow-ups, we assess other recommendations either two or three years after the original audit and, subsequently every two or three years, until the recommendations are either implemented or no longer relevant.

<sup>8</sup> Calculations are based on the Committee's recommendations made in the previous five years—up to and including the *Second Report of the Twenty-Ninth Legislature*.

### 3.3 Committee Review of CIC Sector Annual Reports Current

Annual reports are key accountability documents. As previously mentioned, as a policy field committee, the Committee is responsible for examining annual reports including related financial statements of agencies within its subject area (e.g., CIC and its subsidiary corporations).<sup>9</sup>

As of September 30, 2022, the Committee has reviewed all of the 2020–21 annual reports. It has not yet started its review of the 2021–22 annual reports of CIC and its subsidiary corporations.<sup>10</sup>

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<sup>9</sup> Each year, CIC and its subsidiary corporations prepare annual reports and financial statements for tabling in the Assembly. CIC and almost all of its subsidiaries have a March 31 fiscal year-end. Each summer, they table their annual reports in the Assembly, which then become available for the Committee's review.

<sup>10</sup> Committee's Branch, Legislative Assembly Service, Standing Committee on Crown and Central Agencies, *Business Referred to Committee*.



## Chapter 27

# Standing Committee on Public Accounts

### 1.0 MAIN POINTS

The work of the Standing Committee on Public Accounts is crucial for a well-managed parliamentary system of government. It provides a vital link in the accountability chain of public resources and contributes to supporting the public's confidence in the Government.

The Committee's discussions and recommendations to the Legislative Assembly promote a more open and accountable government, as well as better management of government operations. By reviewing chapters in our Reports, questioning government officials, requesting information, and making recommendations in its reports to the Assembly, the Committee acts as an agent of change for the management practices of government.

The implementation of the Committee's recommendations by the Government and its agencies declined on an overall basis. As of September 2022, the Government fully implemented 60% (September 2021: 74%) of Committee recommendations made during the previous five years, and it partially implemented 49% (September 2021: 64%) of the remaining recommendations.

Between October 1, 2021 and September 30, 2022, the Committee met more frequently and reviewed 139 chapters to be more current in its review of our chapters in our Reports. At September 30, 2022, the Committee had not yet reviewed 71 chapters (2021: 148; 2020: 114 chapters; 2019: 69 chapters).

Timely review of our Reports' chapters demonstrates the Committee undertakes appropriate scrutiny and holds agencies accountable.

### 2.0 INTRODUCTION

This chapter provides an overview and brief description of the Committee's composition, role, and responsibilities, as well as how it reports to the Legislative Assembly. It highlights the Committee's activities since our last chapter to the Assembly about the Committee in our *2021 Report – Volume 2*, Chapter 40.

It also sets out the extent to which the Government implemented the Committee's recommendations, and the status of the Committee's review of our Reports.

### 3.0 ROLE AND RESPONSIBILITIES' OVERVIEW

#### 3.1 Committee Composition

At the beginning of each Legislature, the Legislative Assembly appoints members to the Committee comprised of a member of the Official Opposition as Committee Chair and a Government member as Deputy Chair.



On December 8, 2020, the Legislative Assembly adopted a provisional order to expand the membership of the Committee from seven members to eight, including two members of the Official Opposition for the duration of the 29<sup>th</sup> Legislature. **Figure 1** sets out the Committee's members as of September 30, 2022.

**Figure 1—Members of the Standing Committee on Public Accounts at September 30, 2022**

Members' Name		
Trent Wotherspoon, Chair Joe Hargrave, Deputy Chair	Todd Goudy Daryl Harrison Delbert Kirsch	Jim Lemaigre Hugh Nerlien Aleana Young

Source: [www.legassembly.sk.ca/legislative-business/legislative-committees/public-accounts/](http://www.legassembly.sk.ca/legislative-business/legislative-committees/public-accounts/) (15 October 2022).

## 3.2 Responsibilities Include Reviewing Public Accounts and Our Reports

Because of the Committee's role to scrutinize the Government's management of public resources and review our Reports, we view it as the audit committee for the Assembly and thus, for the public.

The Committee acts as a non-partisan oversight body that helps the Assembly hold the Government accountable for its management of public resources. *The Rules and Procedures of the Legislative Assembly of Saskatchewan* require the Committee to review and report to the Assembly on the results of its review of both Public Accounts and Provincial Auditor's Reports.

The Assembly refers the Public Accounts and the Reports of our Office to the Committee.<sup>1</sup> The following provides a brief description of each:

- The Public Accounts consist of two volumes. The first volume contains the Summary Financial Statements of the Government and a Financial Statement Discussion and Analysis section. The second volume contains details on revenues and expenditures of the General Revenue Fund. This volume includes comparisons of appropriations to expenditures by vote and by program, and details of expenses (e.g., payees who received \$50,000 or more for salaries and benefits, transfers, or goods and services). It also includes other information, including key financial information of some pension plans and trust funds administered by the Government, on remission of taxes and fees, and on road-use fuel tax accountability.<sup>2</sup>
- The Reports of the Provincial Auditor contain the results of our examinations of the Government and its various agencies. Chapters within our Reports identify whether the Committee agreed with our recommendations, or made its own recommendations.

The Committee asked us to monitor compliance with its recommendations and report on their status. Chapters within our Reports provide an update on the status of recommendation implementation.

<sup>1</sup> By law, chapters related to Crown Investments Corporation of Saskatchewan and its related agencies (e.g., Saskatchewan Power Corporation, Saskatchewan Telecommunications Holding Corporation) within our Reports are referred to the Standing Committee on Crown and Central Agencies.

<sup>2</sup> [www.saskatchewan.ca/government/government-structure/ministries/finance#programs-and-services](http://www.saskatchewan.ca/government/government-structure/ministries/finance#programs-and-services) (15 October 2022).

Government officials attend Committee meetings to answer questions about their agencies' administration. In advance of the meetings, agencies provide the Committee with status updates that set out actions taken or planned to address recommendations.<sup>3</sup> Our Office attends the meetings to help the Committee in its reviews. The Committee discusses and recommends actions on issues raised by Committee members and our Office.

The Committee's meetings are televised and open to the public. In its deliberations, the Committee is not fundamentally concerned with matters of policy; rather, it questions the economy and effectiveness of the administration of government programs. The Committee reviews the activities, performance, and reports of government ministries, agencies, and certain Crown corporations (agencies). During its review, the Committee may inquire about past performance, current concerns, and future objectives. The Committee's discussions include broader issues such as strategic plans, key risks to achieving goals and objectives, and performance measurements.

### 3.3 Reports of the Committee

The Committee's reports include its findings and recommendations resulting from the Committee's review of our Reports.

Typically, the Committee reports to the Assembly at the end of each legislative session. Its reports, once tabled in the Assembly, are publicly available on the Committee's website.<sup>4</sup>

The Committee requires the Government to respond in writing to its reports. Their response is also publicly available on the Committee's website.

The Committee's website also provides information on its composition, as well as Committee meeting records (i.e., Hansard verbatim, minutes, videos, reports).

During the period from October 1, 2021 to September 30, 2022, the Committee made two reports to the Assembly:

- On November 9, 2021, the Committee presented the *First Report of the 2<sup>nd</sup> Session of the 29<sup>th</sup> Legislature*. This report summarized the activity undertaken for the Provincial Auditor selection process, made a formal recommendation for appointment, and included a biography of the recommended candidate.
- On May 17, 2022, the Committee presented the *Second Report of the Twenty-Ninth Legislature*. This report detailed the work of the Committee for the period from December 1, 2020 to May 1, 2022.

## 4.0 STATUS OF COMMITTEE'S REVIEW OF OUR REPORTS

The Committee met more frequently to be more current in its review of chapters in our Reports.

<sup>3</sup> Status updates are tabled with the Committee and available at [www.legassembly.sk.ca/legislative-business/legislative-committees/public-accounts/](http://www.legassembly.sk.ca/legislative-business/legislative-committees/public-accounts/) (15 October 2022).

<sup>4</sup> [www.legassembly.sk.ca/legislative-business/legislative-committees/public-accounts/](http://www.legassembly.sk.ca/legislative-business/legislative-committees/public-accounts/) (15 October 2022).





Between October 2021 and September 2022, the Committee met five times to review 139 chapters from nine of our Reports.<sup>5</sup> These Reports included the results of our examinations of the Government and its agencies, including recommendations for improvement. The Committee also considered our *Annual Report on Operations* for the Year Ended March 31, 2021 and our *Business and Financial Plan* for the Year Ended March 31, 2023 at one of these meetings.<sup>6</sup>

As shown in **Figure 2**, the Committee met more frequently to review our Reports resulting in a decrease in outstanding chapters. As of September 30, 2022, the Committee had not yet reviewed 71 chapters, which is similar to the number of outstanding chapters prior to 2020.

**Figure 2—Frequency of Committee Meetings with Corresponding Number of Chapters Not Yet Reviewed for the 12-Month Periods Ending September 30**

12-Month Period Ending September 30	Number of PAC Meetings	Number of Meetings that PAC Considered Our Reports	Number of Chapters Not Yet Reviewed by PAC
2022	10	5	71
2021 <sup>A</sup>	5	2	148
2020	4	1	114
2019	8	7	69
2018	4	2	82
2017	11	9	55

Source: Provincial Auditor of Saskatchewan (October 2022).

<sup>A</sup> Due to the COVID-19 pandemic, the Committee cancelled a meeting in March 2021 where it intended to review our Reports.

As of September 30, 2022, the Committee had not yet completed its review of chapters from our following Reports:

- Two of 42 chapters from our *2019 Report – Volume 1*
- Five of 46 chapters from our *2019 Report – Volume 2*
- Six of 30 chapters from our *2020 Report – Volume 1*
- Eight of 45 chapters from our *2020 Report – Volume 2*
- Eleven of 31 chapters from our *2021 Report – Volume 1*
- Eighteen of 38 chapters from our *2021 Report – Volume 2*
- Twenty-one of 23 chapters from our *2022 Report – Volume 1*

Timely review of chapters and recommendations in our Reports demonstrates the Committee undertakes appropriate scrutiny and holds agencies accountable.

<sup>5</sup> The Committee reviewed chapters from the following Reports: 2018 (Volumes 1 and 2), 2019 (Volumes 1 and 2), 2020 (Volumes 1 and 2), 2021 (Volumes 1 and 2), and 2022 (Volume 1).

<sup>6</sup> The Committee met an additional five times to consider the Provincial Auditor selection process and other committee business.

## 5.0 IMPLEMENTATION OF COMMITTEE'S RECOMMENDATIONS

### 5.1 Overall Implementation Rate of Committee Recommendations

The implementation of the Committee's recommendations by the Government and its agencies declined on an overall basis.

As of September 2022, the Government fully implemented 60% (September 2021: 74%) of the Committee's 451 recommendations made during the previous five years. The Government partially implemented 49% (September 2021: 64%) of the remaining recommendations.

### 5.2 Status of Previous Committee Recommendations

The following table sets out, by agency, the number of Committee recommendations not yet implemented and not included elsewhere in this Report, and the last Report in which our Office gave an update on the status of recommendations.

Our Office follows up on the status of these recommendations until they are implemented or no longer relevant.

Agency	Chapter Title (Initial PAS Report) <sup>A</sup>	Last PAS Report and Chapter	Number of Committee Recommendations Not Yet Implemented
<b>Government of Saskatchewan:</b>			
	Modernizing Government Budgeting and Financial Reporting (2013 Special Report)	2022 Report – Volume 1, Chapter 9	2
<b>Ministries:</b>			
Advanced Education	Working with the Advanced Education Sector to Achieve Ministry Strategies (2015 Report – Volume 1, Chapter 7)	2021 Report – Volume 2, Chapter 19	1
Agriculture	Mitigating the Impact of Regulated Pests in Crops and Pastures (2020 Report – Volume 2, Chapter 19)	2020 Report – Volume 2, Chapter 19	5
Corrections, Policing, and Public Safety	Rehabilitating Adult Inmates (2008 Report – Volume 1, Chapter 2)	2021 Report – Volume 2, Chapter 20	2
	Providing Provincial Disaster Assistance (2021 Report – Volume 1, Chapter 4)	2021 Report – Volume 1, Chapter 4	4
Education	Instruction Time (2009 Report – Volume 3, Chapter 4)	2021 Report – Volume 2, Chapter 22	2
	Capital Asset Planning for Schools (2013 Report – Volume 1, Chapter 8)	2021 Report – Volume 1, Chapter 12	1
	Evaluating the Early Learning Intensive Support Program (2021 Report – Volume 1, Chapter 5)	2021 Report – Volume 1, Chapter 5	2



Agency	Chapter Title (Initial PAS Report) <sup>A</sup>	Last PAS Report and Chapter	Number of Committee Recommendations Not Yet Implemented
Energy and Resources	Managing Oil and Gas Wells (2012 Report – Volume 2, Chapter 31)	2018 Report – Volume 1, Chapter 17	2
	Auditing Producer Returns for Non-Renewable Resources (2022 Report – Volume 1, Chapter 10)	2022 Report – Volume 1, Chapter 10	5
Environment	Preventing the Entry and Spread of Aquatic Invasive Species in Saskatchewan (2016 Report – Volume 1, Chapter 7)	2020 Report – Volume 2, Chapter 29	2
	Regulating Waste Diversion Through Recycling (2020 Report – Volume 2, Chapter 20)	2020 Report – Volume 2, Chapter 20	5
Government Relations	Safe Drinking Water in Northern Settlements (2012 Report – Volume 1, Chapter 12)	2021 Report – Volume 1, Chapter 15	4
Health	Preventing Diabetes-Related Health Complications (2012 Report – Volume 2, Chapter 32)	2020 Report – Volume 2, Chapter 32	3
	Providing Special Needs Equipment for Persons with Disabilities (2016 Report – Volume 2, Chapter 27)	2021 Report – Volume 1, Chapter 17	2
	Detecting Inappropriate Physician Payments (2017 Report – Volume 1, Chapter 6)	2020 Report – Volume 1, Chapter 13	2
	Monitoring Opioid Prescribing and Dispensing (2019 Report – Volume 1, Chapter 7)	2021 Report – Volume 2, Chapter 28	4
	Coordinating the Appropriate Provision of Helicopter Ambulance Services (2019 Report – Volume 2, Chapter 22)	2021 Report – Volume 2, Chapter 26	3
	Using Critical Incident Reporting to Improve Patient Safety (2021 Report – Volume 1, Chapter 6)	2021 Report – Volume 1, Chapter 6	10
Immigration and Career Training	Coordinating English-Language Programs (2015 Report – Volume 1, Chapter 8)	2021 Report – Volume 1, Chapter 19	2
Justice and Attorney General	Supporting Provincial Court of Saskatchewan to Manage Court Workloads (2014 Report – Volume 1, Chapter 10)	2020 Report – Volume 2, Chapter 33	2
Justice and Attorney General and Corrections, Policing and Public Safety	Leading the Community Safety and Well-Being Initiative (2016 Report – Volume 1, Chapter 10)	2021 Report – Volume 1, Chapter 20	2
	Implementing Strategies to Reduce Short-Term Remand in Saskatoon and the Surrounding Area (2021 Report – Volume 1, Chapter 8)	2021 Report – Volume 1, Chapter 8	6
SaskBuilds and Procurement	Securing the Data Centre (2019 Report – Volume 1, Chapter 14)	2021 Report – Volume 1, Chapter 26	1
Social Services	Supervision of Community-Based Organizations Delivering Programs to Intellectually Disabled People (2012 Report – Volume 1, Chapter 22)	2021 Report – Volume 2, Chapter 37	3
	Investigating Allegations of Child Abuse and Neglect (2018 Report – Volume 2, Chapter 26)	2020 Report – Volume 2, Chapter 42	4
	Monitoring Foster Families (2020 Report – Volume 1, Chapter 12)	2022 Report – Volume 1, Chapter 26	4

Agency	Chapter Title (Initial PAS Report) <sup>A</sup>	Last PAS Report and Chapter	Number of Committee Recommendations Not Yet Implemented
<b>Crown Agencies—Saskatchewan Health Authority:</b>			
Saskatchewan Health Authority	Triaging Emergency Department Patients in Saskatoon Hospitals (2013 Report – Volume 2, Chapter 30)	2021 Report – Volume 1, Chapter 23	1
	Safe and Timely Discharge of Patients from Regina Hospitals (2015 Report – Volume 1, Chapter 14)	2019 Report – Volume 2, Chapter 41	2
	Delivering Accessible and Responsive Ground Ambulance Services in Southwest Saskatchewan (2016 Report – Volume 2, Chapter 25)	2022 Report – Volume 1, Chapter 18	1
	Efficient Use of MRIs in Regina (2017 Report – Volume 1, Chapter 10)	2022 Report – Volume 1, Chapter 19	3
	Overseeing Contracted Special-Care Homes in Saskatoon and Surrounding Area (2017 Report – Volume 1, Chapter 12)	2020 Report – Volume 1, Chapter 29	5
	Minimizing Employee Absenteeism (2017 Report – Volume 2, Chapter 25)	2020 Report – Volume 1, Chapter 28	4
	Providing Timely Access to Mental Health and Addictions Services in Prince Albert and Surrounding Area (2018 Report – Volume 1, Chapter 8)	2021 Report – Volume 1, Chapter 22	5
	Preventing and Controlling Hospital-Acquired Infections in the Regina General and Pasqua Hospitals (2018 Report – Volume 2, Chapter 24)	2022 Report – Volume 1, Chapter 21	4
	Treating Patients at Risk of Suicide in Northwest Saskatchewan (2019 Report – Volume 2, Chapter 24)	2019 Report – Volume 2, Chapter 24	8
<b>Crown Agencies—School Divisions:</b>			
Horizon School Division No. 205	Maintaining Facilities (2020 Report – Volume 1, Chapter 8)	2022 Report – Volume 1, Chapter 14	4
Northern Lights School Division No. 113	Purchasing Goods and Services (2019 Report – Volume 1, Chapter 8)	2022 Report – Volume 1, Chapter 15	14
Prairie Spirit School Division No. 206	Maintaining Facilities (2016 Report – Volume 1, Chapter 12)	2019 Report – Volume 1, Chapter 33	6
Regina Roman Catholic Separate Division No. 81	English as an Additional Language Programming (2016 Report – Volume 2, Chapter 29)	2020 Report – Volume 2, Chapter 35	1
Saskatoon School Division No. 13	Supporting Students with Intensive Needs (2018 Report – Volume 1, Chapter 11)	2022 Report – Volume 1, Chapter 23	5
	Monitoring Success in Readyng Students for Learning in the Primary Grade When Exiting Kindergarten (2021 Report – Volume 1, Chapter 11)	2021 Report – Volume 1, Chapter 11	5
Sun West School Division No. 207	Annual Integrated Audit (2017 Report – Volume 2, Chapter 2)	2022 Report – Volume 1, Chapter 1	1
St. Paul's School Roman Catholic Separate Division No. 20	Promoting Good Student Health and Physical Fitness (2015 Report – Volume 2, Chapter 40)	2021 Report – Volume 1, Chapter 30	1
	Adapting Technology for Learning in Elementary Schools (2019 Report – Volume 2, Chapter 25)	2022 Report – Volume 1, Chapter 27	1



Agency	Chapter Title (Initial PAS Report) <sup>A</sup>	Last PAS Report and Chapter	Number of Committee Recommendations Not Yet Implemented
<b>Crown Agencies—Various:</b>			
Northern Municipal Trust Account	Annual Integrated Audit (2015 Report – Volume 1, Chapter 2)	2021 Report – Volume 2, Chapter 6	3
Office of Residential Tenancies	Adjudicating Tenancy Disputes (2021 Report – Volume 1, Chapter 9)	2021 Report – Volume 1, Chapter 9	3
Saskatchewan Arts Board	Awarding Grants Impartially and Transparently (2018 Report – Volume 2, Chapter 22)	2021 Report – Volume 2, Chapter 31	1
Saskatchewan Cancer Agency	Delivering the Screening Program for Breast Cancer (2016 Report – Volume 1, Chapter 14)	2020 Report – Volume 2, Chapter 37	1
	Delivering the Screening Program for Colorectal Cancer (2020 Report – Volume 2, Chapter 21)	2020 Report – Volume 2, Chapter 21	6
Saskatchewan Legal Aid Commission	Providing Legal Aid Services (2016 Report – Volume 1, Chapter 16)	2021 Report – Volume 2, Chapter 34	2
Saskatchewan Liquor and Gaming Authority	Regulating Commercial Permittees' On-table Sale of Liquor (2017 Report – Volume 1, Chapter 11)	2021 Report – Volume 1, Chapter 25	2
Saskatchewan Public Safety Agency	Detecting Wildfires (2017 Report – Volume 2, Chapter 23)	2021 Report – Volume 2, Chapter 36	1
	Alerting the Public About Imminently Dangerous Events (2019 Report – Volume 1, Chapter 6)	2021 Report – Volume 2, Chapter 35	3
Saskatchewan Workers' Compensation Board	Coordinating Injured Workers' Return to Work (2016 Report – Volume 2, Chapter 31)	2022 Report – Volume 1, Chapter 22	6
Technical Safety Authority of Saskatchewan	Inspecting Elevating Devices (2017 Report – Volume 1, Chapter 14)	2021 Report – Volume 2, Chapter 38	2
Water Security Agency	Dam Safety (2005 Report – Volume 1, Chapter 3)	2019 Report – Volume 1, Chapter 44	2
	Regulating Drainage (2018 Report – Volume 1, Chapter 12)	2021 Report – Volume 1, Chapter 31	9

Source: Provincial Auditor of Saskatchewan (October 2022).

<sup>A</sup>PAS – Provincial Auditor of Saskatchewan

## Appendix 1

### Agencies Subject to Examination under *The Provincial Auditor Act* and Status of Audits

The Office of the Provincial Auditor's goal is to give the Legislative Assembly timely Reports on the results of our examinations. We do not delay our Reports to accommodate incomplete audits, but rather include the results in a future Report. We aim to report the results of our annual integrated audits of agencies with December fiscal year-ends in the spring (i.e., Report – Volume 1) and agencies with March fiscal year-ends in the fall (i.e., Report – Volume 2). We report the results of our follow-up and performance audits in the Report following their completion.

The table below lists the agencies subject to examination under *The Provincial Auditor Act* at September 30, 2022, along with their fiscal year-end. Agencies subject to our examination include ministries, Crown agencies, Crown-controlled corporations, special purpose and trust funds, other agencies that administer public money, and offices of the Legislative Assembly.

For each of these agencies, the table sets out the status of our annual integrated audits at November 4, 2022. It also indicates whether we are reporting, or have reported, matters for the Assembly's attention within the last 12 months, and if so, it identifies the relevant Report.

Agency	Fiscal Year-End <sup>A</sup>	Status on November 4, 2022 <sup>B</sup>	Matters Reported / Related Report(s) <sup>C</sup>
Government of Saskatchewan—Summary Financial Statements	March 31	Complete	Yes/2022 V1
<b>Ministries and Secretariats:</b>			
Ministry of Advanced Education	March 31	Complete	Yes/2022 V2
Ministry of Agriculture	March 31	Complete	No
Ministry of Corrections, Policing, and Public Safety	March 31	Complete	Yes/2022 V2
Ministry of Education	March 31	Complete	Yes/2022 V1 & 2022 V2
Ministry of Energy and Resources	March 31	Complete	Yes/2022 V1 & 2022 V2
Ministry of Environment	March 31	Complete	Yes/2022 V1 & 2022 V2
Ministry of Finance	March 31	Complete	Yes/2022 V2
Ministry of Government Relations	March 31	Complete	No
Ministry of Health	March 31	Complete	Yes/2022 V1
Ministry of Highways	March 31	Complete	Yes/2022 V2
Ministry of Immigration and Career Training	March 31	Complete	No
Ministry of Justice and Attorney General	March 31	Complete	No
Ministry of Labour Relations and Workplace Safety	March 31	Complete	No
Ministry of Parks, Culture and Sport	March 31	Complete	Yes/2022 V2
Ministry of SaskBuilds and Procurement	March 31	Complete	No
Ministry of Social Services	March 31	Complete	Yes/2022 V1 & 2022 V2
Ministry of Trade and Export Development	March 31	Complete	No
Executive Council	March 31	Complete	Yes/2022 V2



Agency	Fiscal Year-End <sup>A</sup>	Status on November 4, 2022 <sup>B</sup>	Matters Reported / Related Report(s) <sup>C</sup>
Firearms Secretariat	March 31	Complete	No
Public Service Commission	March 31	Complete	Yes/2022 V1
<b>Crown Agencies:</b>			
Agricultural Credit Corporation of Saskatchewan	March 31	Complete	No
All Nations' Healing Hospital Inc.	March 31	Complete	Yes/2022 V2
Bethany Pioneer Village Inc.	March 31	Complete	No
Border-Line Housing Company (1975) Inc.	March 31	Complete	No
Carlton Trail College	June 30	Complete	No
Century Plaza Condominium Corporation	March 31	Complete	No
Chinook School Division No. 211	August 31	Complete	No
Christ the Teacher Roman Catholic Separate School Division No. 212	August 31	Complete	No
Circle Drive Special Care Home Inc.	March 31	Complete	No
Community Initiatives Fund	March 31	Complete	No
Conseil des Écoles Fransaskoises No. 310	August 31	Complete	No
Creative Saskatchewan	March 31	Complete	No
Creighton School Division No. 111	August 31	Complete	No
Cumberland College	June 30	Complete	No
Cupar and District Nursing Home Inc.	March 31	Complete	No
Duck Lake and District Nursing Home Inc.	March 31	Complete	No
eHealth Saskatchewan	March 31	Complete	Yes/2022 V2
Financial and Consumer Affairs Authority of Saskatchewan	March 31	Complete	Yes/2022 V1
Foyer St. Joseph Nursing Home Inc.	March 31	Complete	No
Global Transportation Hub Authority, The	March 31	Complete	No
Good Spirit School Division No. 204	August 31	Complete	No
Government House Foundation, The	March 31	Complete	No
Great Plains College	June 30	Complete	No
Health Quality Council	March 31	Complete	No
Health Shared Services Saskatchewan (3sHealth)	March 31	Complete	Yes/2022 V1
Holy Family Roman Catholic Separate School Division No. 140	August 31	Complete	No
Holy Trinity Roman Catholic Separate School Division No. 22	August 31	Complete	No
Horizon School Division No. 205	August 31	Complete	Yes/2022 V1
Île-à-la-Croix School Division No. 112	August 31	Complete	No
Innovation Saskatchewan	March 31	Complete	No
Jubilee Residences Inc.	March 31	Complete	No
Lakeview Pioneer Lodge Inc.	March 31	Complete	No
Law Reform Commission of Saskatchewan	March 31	Complete	No
Light of Christ Roman Catholic Separate School Division No. 16	August 31	Complete	No
Living Sky School Division No. 202	August 31	Complete	No
Lloydminster Public School Division No. 99	August 31	Complete	No

Agency	Fiscal Year-End <sup>A</sup>	Status on November 4, 2022 <sup>B</sup>	Matters Reported / Related Report(s) <sup>C</sup>
Lloydminster Roman Catholic Separate School Division No. 89	August 31	Complete	No
Lumsden & District Heritage Home Inc.	March 31	Complete	No
Lutheran Sunset Home of Saskatoon	March 31	Complete	No
Mennonite Nursing Homes Incorporated	March 31	Complete	No
Métis Development Fund	December 31	Complete	No
Mont St. Joseph Home Inc.	March 31	Complete	No
Municipal Financing Corporation of Saskatchewan	December 31	Complete	No
Municipal Potash Tax Sharing Administration Board	December 31	Complete	No
North East School Division No. 200	August 31	Complete	No
North West College	June 30	Complete	No
Northern Lights School Division No. 113	August 31	Complete	Yes/2022 V1
Northlands College	June 30	Complete	No
Northwest School Division No. 203	August 31	Complete	No
Oliver Lodge	March 31	Complete	No
Operator Certification Board	March 31	Complete	No
Parkland College	June 30	Complete	No
Prairie Agricultural Machinery Institute	March 31	Complete	Yes/2022 V2
Prairie South School Division No. 210	August 31	Complete	Yes/2022 V1
Prairie Spirit School Division No. 206	August 31	Complete	No
Prairie Valley School Division No. 208	August 31	Complete	No
Prince Albert Roman Catholic Separate School Division No. 6	August 31	Complete	No
Providence Place for Holistic Health Inc.	March 31	Complete	No
Provincial Archives of Saskatchewan	March 31	Complete	No
Provincial Capital Commission	March 31	Complete	No
Radville Marian Health Centre Inc.	March 31	Complete	No
Raymore Community Health and Social Centre	March 31	Complete	No
Regina Lutheran Housing Corporation	March 31	Complete	No
Regina Roman Catholic Separate School Division No. 81	August 31	Complete	No
Regina School Division No. 4	August 31	Complete	Yes/2022 V1
Santa Maria Senior Citizens Home Inc.	March 31	Complete	No
Saskatchewan Apprenticeship and Trade Certification Commission	June 30	Complete	No
Saskatchewan Arts Board, The	March 31	Complete	No
Saskatchewan Association of Health Organizations Inc.	March 31	Complete	No
Saskatchewan Cancer Agency	March 31	Complete	Yes/2022 V2
Saskatchewan Centre of the Arts	March 31	Complete	No
Saskatchewan Crop Insurance Corporation	March 31	Complete	No
Saskatchewan Health Authority	March 31	Complete	Yes/2022 V1 & 2022 V2
Saskatchewan Health Research Foundation	March 31	Complete	No
Saskatchewan Healthcare Recruitment Agency	March 31	Note 4	





Agency	Fiscal Year-End <sup>A</sup>	Status on November 4, 2022 <sup>B</sup>	Matters Reported / Related Report(s) <sup>C</sup>
Saskatchewan Heritage Foundation	March 31	Complete	No
Saskatchewan Housing Corporation	December 31	Complete	No
Saskatchewan Impaired Driver Treatment Centre Board of Governors	March 31	Complete	Yes/2022 V2
Saskatchewan Indian Gaming Authority Inc.	March 31	Complete	No
Saskatchewan Indigenous Investment Finance Corporation	March 31	Note 5	
Saskatchewan Legal Aid Commission	March 31	Complete	No
Saskatchewan Liquor and Gaming Authority	March 31	Complete	Yes/2022 V1 & 2022 V2
Saskatchewan Lotteries Trust Fund for Sport, Culture and Recreation	March 31	Complete	No
Saskatchewan Polytechnic	June 30	Complete	Yes/2022 V2
Saskatchewan Public Safety Agency	March 31	Complete	Yes/2022 V2
Saskatchewan Research Council	March 31	Complete	No
Saskatchewan Rivers School Division No. 119	August 31	Complete	No
Saskatoon Convalescent Home	March 31	Complete	No
Saskatoon School Division No. 13	August 31	Complete	Yes/2022 V1
SaskBuilds Corporation	March 31	Complete	No
Sherbrooke Community Society Inc.	March 31	Complete	No
SLGA Holding Inc.	March 31	Complete	No
SLGA Retail Inc.	March 31	Complete	No
Société Joseph Breton Inc.	March 31	Complete	No
South East Cornerstone School Division No. 209	August 31	Complete	No
Southeast College	June 30	Complete	No
Spruce Manor Special Care Home Inc.	March 31	Complete	No
St. Ann's Senior Citizens Village Corporation	March 31	Complete	No
St. Anthony's Hospital	March 31	Complete	No
St. Joseph's Home for the Aged	March 31	Complete	No
St. Joseph's Hospital (Grey Nuns) Gravelbourg	March 31	Complete	No
St. Joseph's Hospital of Estevan	March 31	Complete	No
St. Joseph's Integrated Health Centre Macklin Inc.	March 31	Complete	No
St. Paul Lutheran Home of Melville	March 31	Complete	No
St. Paul's Roman Catholic Separate School Division No. 20	August 31	Complete	Yes/2022 V1
St. Paul's (Grey Nuns) of Saskatoon	March 31	Note 1	
St. Peter's Hospital	March 31	Complete	No
Strasbourg and District Health Centre	March 31	Complete	No
Sun West School Division No. 207	August 31	Complete	Yes/2022 V1
Sunnyside Adventist Care Centre	March 31	Complete	No
TecMark International Commercialization Inc.	March 31	Note 1	
The Qu'Appelle Diocesan Housing Company	March 31	Complete	No
The Salvation Army—William Booth Special Care Home	March 31	Complete	No
Tourism Saskatchewan	March 31	Complete	No

Agency	Fiscal Year-End <sup>A</sup>	Status on November 4, 2022 <sup>B</sup>	Matters Reported / Related Report(s) <sup>C</sup>
Warman Mennonite Special Care Home Inc.	March 31	Complete	No
Water Security Agency	March 31	Complete	Yes/2022 V2
Western Development Museum	March 31	Complete	Yes/2022 V2
Workers' Compensation Board	December 31	Complete	Yes/2022 V1
<b>CIC Crown Corporations and related agencies:</b>			
101069101 Saskatchewan Ltd.	March 31	Note 1	
Battleford International, Inc.	March 31	Note 1	
Bayhurst Energy Services Corporation	March 31	Note 1	
Bayhurst Gas Limited	March 31	Note 1	
BG Storage Inc.	March 31	Note 1	
CIC Asset Management Inc.	March 31	Complete	No
Coachman Insurance Company	December 31	Complete	No
Crown Investments Corporation of Saskatchewan	March 31	Complete	No
DirectWest Corporation	March 31	Complete	No
Manalta Investment Company Ltd.	March 31	Note 1	
Many Islands Pipe Lines (Canada) Limited	March 31	Note 1	
Nokomis Holding Inc.	March 31	Note 1	
Northpoint Energy Solutions Inc.	March 31	Complete	No
Saskatchewan Auto Fund	March 31	Complete	No
Saskatchewan First Call Corporation	March 31	Note 1	
Saskatchewan Gaming Corporation	March 31	Complete	No
Saskatchewan Government Insurance	March 31	Complete	Yes/2022 V1 & 2022 V2
Saskatchewan Opportunities Corporation	March 31	Complete	No
Saskatchewan Power Corporation	March 31	Complete	Yes/2022 V1
Saskatchewan Telecommunications	March 31	Complete	No
Saskatchewan Telecommunications Holding Corporation	March 31	Complete	No
Saskatchewan Telecommunications International, Inc.	March 31	Complete	No
Saskatchewan Water Corporation	March 31	Complete	No
SaskEnergy Incorporated	March 31	Complete	Yes/2022 V1
SaskTel International Consulting, Inc.	March 31	Note 1	
SaskTel Investments Inc.	March 31	Note 1	
SecurTek Monitoring Solutions Inc.	March 31	Complete	No
SGC Holdings, Inc.	March 31	Complete	No
SGI CANADA Insurance Services Ltd.	December 31	Complete	No
Shellbrook Holding Inc.	March 31	Note 1	
Stentor Resource Centre Inc.	March 31	Note 1	
TransGas Limited	March 31	Note 1	
<b>Special purpose and trust funds including pension and benefit plans:</b>			
Capital Pension Plan	March 31	Complete	No
Commercial Revolving Fund	March 31	Complete	No
Correctional Facilities Industries Revolving Fund	March 31	Complete	No



Agency	Fiscal Year-End <sup>A</sup>	Status on November 4, 2022 <sup>B</sup>	Matters Reported / Related Report(s) <sup>C</sup>
Criminal Property Forfeiture Fund	March 31	Complete	No
Crop Reinsurance Fund of Saskatchewan	March 31	Complete	No
Doukhobors of Canada C.C.U.B. Trust Fund	May 31	Complete	No
Extended Health Care Plan	December 31	Complete	No
Extended Health Care Plan for Certain Other Employees	December 31	Complete	No
Extended Health Care Plan for Certain Other Retired Employees	December 31	Complete	No
Extended Health Care Plan for Retired Employees	December 31	Complete	No
Fish and Wildlife Development Fund	March 31	Complete	No
General Revenue Fund	March 31	Note 2	
Health Shared Services Saskatchewan Core Dental Plan	December 31	Complete	No
Health Shared Services Saskatchewan Disability Income Plan – CUPE	December 31	Complete	No
Health Shared Services Saskatchewan Disability Income Plan – SEIU	December 31	Complete	No
Health Shared Services Saskatchewan Disability Income Plan – General	December 31	Complete	No
Health Shared Services Saskatchewan Disability Income Plan – SUN	December 31	Complete	No
Health Shared Services Saskatchewan Group Life Insurance Plan	December 31	Complete	No
Health Shared Services Saskatchewan In-Scope Extended Health/Enhanced Dental Plan	December 31	Complete	No
Health Shared Services Saskatchewan Out-of-Scope Extended Health/Enhanced Dental Plan	December 31	Complete	No
Health Shared Services Saskatchewan Out-of-Scope Flexible Health/Spending Plan	December 31	Complete	No
Impacted Sites Fund	March 31	Complete	No
Institutional Control Monitoring and Maintenance Fund	March 31	Complete	No
Institutional Control Unforeseen Events Fund	March 31	Complete	No
Judges of the Provincial Court Superannuation Plan	March 31	Complete	No
Liquor Board Superannuation Plan	December 31	Complete	No
Livestock Services Revolving Fund	March 31	Note 3	
Municipal Employees' Pension Commission	December 31	Complete	No
Northern Municipal Trust Account	December 31	Delayed	
Oil and Gas Orphan Fund	March 31	Complete	No
Pension Plan for the Non-Teaching Employees of the Saskatoon School Division No. 13	December 31	Complete	No
Power Corporation Superannuation Plan	December 31	Complete	No
Provincial Mediation Board Trust Accounts	March 31	Complete	No
Public Employees Benefits Agency Revolving Fund	March 31	Complete	No
Public Employees Deferred Salary Leave Fund	December 31	Complete	No
Public Employees Dental Fund	December 31	Complete	No
Public Employees Disability Income Fund	December 31	Complete	No
Public Employees Group Life Insurance Fund	December 31	Complete	No

Agency	Fiscal Year-End <sup>A</sup>	Status on November 4, 2022 <sup>B</sup>	Matters Reported / Related Report(s) <sup>C</sup>
Public Employees Pension Plan	March 31	Complete	No
Public Service Superannuation Plan	March 31	Complete	No
Public Guardian and Trustee of Saskatchewan	March 31	Complete	No
Queen's Printer Revolving Fund	March 31	Complete	No
Residential Tenancies, Office of—Director's Trust Account	March 31	Complete	No
Sask 911 Account	March 31	Complete	No
Saskatchewan Agricultural Stabilization Fund	March 31	Complete	No
Saskatchewan Government Insurance Service Recognition Plan	December 31	Complete	No
Saskatchewan Government Insurance Superannuation Plan	December 31	Complete	No
Saskatchewan Pension Annuity Fund	March 31	Complete	No
Saskatchewan Pension Plan	December 31	Complete	No
Saskatchewan Power Corporation Designated Employee Benefit Plan	December 31	Complete	No
Saskatchewan Power Corporation Severance Pay Credits Plan	December 31	Complete	No
Saskatchewan Power Corporation Supplementary Superannuation Plan	December 31	Complete	No
Saskatchewan Research Council Employees' Pension Plan	December 31	Complete	No
Saskatchewan Snowmobile Fund	March 31	Complete	No
Saskatchewan Student Aid Fund	March 31	Complete	No
Saskatchewan Professional Teachers Regulatory Board	August 31	Complete	No
Saskatchewan Technology Fund	March 31	Note 3	
Saskatchewan Telecommunications Pension Plan	March 31	Complete	No
Saskatchewan Water Corporation Retirement Allowance Plan	December 31	Complete	No
SaskEnergy Retiring Allowance Plan	December 31	Complete	No
School Division Tax Loss Compensation Fund	March 31	Complete	No
Social Services Central Trust Account	March 31	Complete	No
Social Services Valley View Centre Grants and Donations Trust Account and Institutional Collective Benefit Fund	March 31	Complete	No
Social Services Valley View Centre Residents' Trust Account	March 31	Complete	No
Staff Pension Plan for Employees of the Saskatchewan Legal Aid Commission	December 31	Complete	No
Teachers' Dental Plan	December 31	Complete	No
Teachers' Disability Plan	June 30	Complete	No
Teachers' Group Life Plan	August 31	Complete	No
Teachers' Superannuation Plan	June 30	Complete	No
Training Completions Fund	March 31	Complete	No
Transportation Partnerships Fund	March 31	Complete	No
Victims' Fund	March 31	Complete	No



Agency	Fiscal Year-End <sup>A</sup>	Status on November 4, 2022 <sup>B</sup>	Matters Reported / Related Report(s) <sup>C</sup>
Water Security Agency Retirement Allowance Plan	March 31	Complete	No
<b>Offices of the Legislative Assembly:</b>			
Advocate for Children and Youth, Office of the	March 31	Complete	No
Board of Internal Economy/Legislative Assembly Service/Office of the Speaker	March 31	Complete	No
Chief Electoral Officer, Office of the	March 31	Complete	No
Conflict of Interest Commissioner, Office of the	March 31	Complete	No
Information and Privacy Commissioner, Office of the	March 31	Complete	No
Ombudsman and Public Interest Disclosure Commissioner, Office of the	March 31	Complete	No
<b>Other Agencies:</b>			
Pension Plan for the Eligible Employees at the University of Saskatchewan	December 31	Complete	No
Pension Plan for the Academic and Administrative Employees of the University of Regina	December 31	Complete	No
Technical Safety Authority of Saskatchewan	June 30	Complete	No
University of Regina Non-Academic Pension Plan	December 31	Complete	No
University of Regina	April 30	Complete	No
University of Saskatchewan 1999 Academic Pension Plan	December 31	Complete	No
University of Saskatchewan 2000 Academic Money Purchase Pension Plan	December 31	Complete	No
University of Saskatchewan Academic Employees' Pension Plan	December 31	Complete	No
University of Saskatchewan and Federated Colleges Non-Academic Pension Plan	December 31	Complete	No
University of Saskatchewan	April 30	Complete	No

Note 1: These entities are wholly- or partially-owned subsidiary corporations that are included in the consolidated financial statements of a parent Crown agency.

Note 2: The Ministry of Finance does not prepare financial statements for this Fund.

Note 3: This entity had no active operations.

Note 4: New Crown Agency established August 2022. March 31, 2023 will be the first period-end audited.

Note 5: New Crown Agency established May 2022. March 31, 2023 will be the first period-end audited.

<sup>A</sup>	Fiscal Year-end	Year of last completed integrated audit
	March 31	2022
	April 30	2022
	May 31	2022
	June 30	2022
	August 31	2021
	September 30	2021
	December 31	2021

<sup>B</sup> "Complete" – the audit was complete.  
"Delayed" – the audit was delayed.

<sup>C</sup> "No" – no significant issues reported.  
"Yes/2022 V1" – significant issues are reported in our 2022 Report – Volume 1.  
"Yes/2022 V2" – significant issues are reported in our 2022 Report – Volume 2.

## Appendix 2

### Report on the Financial Statements of Agencies Audited by Appointed Auditors

#### 1.0 PURPOSE

This Appendix summarizes the Office of the Provincial Auditor's views on the financial statements of agencies audited by appointed auditors. It lists audits in which the Office participated for fiscal periods ending between January 1, 2022 and June 30, 2022.

#### 2.0 BACKGROUND

Under *The Provincial Auditor Act*, the Provincial Auditor retains its overall responsibility for audits of all Crown agencies and Crown corporations regardless of who does the audit. The Legislative Assembly allows the Government to appoint auditors to annually audit certain Crown agencies and Crown corporations. **Figure 1** sets out the objectives of the annual audits—we refer to them as annual integrated audits.

The Office, Crown agencies, Crown corporations, and the appointed auditors use the recommendations of the *Report of the Task Force on Roles, Responsibilities and Duties of Auditors* to serve the Assembly's needs efficiently and effectively.<sup>1,2</sup> The Office includes the results of annual integrated audits done by appointed auditors in its reports to the Assembly. As the Task Force Report expects, the Office provides the Assembly with its views and participation in the audits of agencies' financial statements with an appointed auditor.

**Figure 1—Objectives of Annual Integrated Audits**

The objectives of each annual integrated audit are to form the following opinions and to report the results to the Assembly:

- An opinion on the financial-related rules and procedures used by the agency to safeguard public resources.
- An opinion on the agency's compliance with the authorities governing its activities related to financial reporting, safeguarding public resources, revenue raising, spending, borrowing, and investing.
- An opinion on the reliability of the agency's financial statements. The appointed auditors' reports on the reliability of each Crown agency and each Crown corporation's financial statements accompany the respective financial statements.

The Government's Summary Financial Statements include the financial results of all agencies controlled by the Government. *Public Accounts 2021–22 – Volume 1* includes the Office's independent auditor's report on the Government's Summary Financial Statements for the year ended March 31, 2022.

<sup>1</sup> For a copy of this report, see our website at [www.auditor.sk.ca](http://www.auditor.sk.ca). The Task Force recommended that the Office give the Assembly a report listing the agencies whose annual integrated audits it participated in.

<sup>2</sup> In June 1994, the *Report of the Task Force on Roles, Responsibilities and Duties of Auditors* recommended how the audit system for Crown Investments Corporation of Saskatchewan and its subsidiary Crown corporations could function more efficiently and effectively. In April 1995, the Treasury Board decided that all Crown corporations and agencies should comply with these recommendations.



### 3.0 THE OFFICE'S VIEWS ON FINANCIAL STATEMENTS AUDITED BY APPOINTED AUDITORS

The table below provides the Office's views and participation on each financial statement audit completed by an appointed auditor for fiscal years ending between January 1, 2022 and June 30, 2022. As noted below, sometimes the Office varies the extent of its participation.

The table groups agencies and corporations by: healthcare affiliates; regional colleges; other Crown agencies, special purpose and trust funds; other agencies; and CIC, its subsidiary Crown corporations, and other related entities. It lists each Crown agency or corporation whose financial statements are audited by an appointed auditor, the appointed auditor's name, the agency's year-end date, whether the Office participated in the audit, and whether the agency's financial statements are reliable.

#### Listing of the Office's Involvement in Financial Statement Audits of Agencies with an Appointed Auditor

Name of Agency	Appointed Auditor	Year-End Date	PAS* Participated in Audit	Financial Statements are Reliable
<b>Healthcare Affiliates</b>				
All Nations' Healing Hospital Inc.	Virtus Group LLP	March 31	See <sup>A</sup>	Yes
Bethany Pioneer Village Inc. <sup>D</sup>	Jensen and Stromberg, Chartered Professional Accountants	March 31	See <sup>A</sup>	Yes
Border-Line Housing Company (1975) Inc.	MNP LLP	March 31	See <sup>A</sup>	Yes
Circle Drive Special Care Home Inc.	KPMG LLP	March 31	See <sup>A</sup>	Yes
Cupar and District Nursing Home Inc.	MWC Chartered Professional Accountants LLP	March 31	See <sup>A</sup>	Yes
Duck Lake and District Nursing Home Inc.	Heagy LLP	March 31	See <sup>A</sup>	Yes
Foyer St. Joseph Nursing Home Inc.	KPMG LLP	March 31	See <sup>A</sup>	Yes
Jubilee Residences Inc. <sup>D</sup>	Deloitte LLP	March 31	See <sup>A</sup>	Yes
Lakeview Pioneer Lodge Inc.	Heagy LLP	March 31	See <sup>A</sup>	Yes
Lumsden & District Heritage Home Inc.	MWC Chartered Professional Accountants LLP	March 31	See <sup>A</sup>	Yes
Lutheran Sunset Home of Saskatoon <sup>D</sup>	PriceWaterhouseCoopers	March 31	See <sup>A</sup>	Yes
Mennonite Nursing Homes Incorporated	Heagy LLP	March 31	See <sup>A</sup>	Yes
Mont St. Joseph Home Inc.	MNP LLP	March 31	See <sup>A</sup>	Yes
Oliver Lodge <sup>D</sup>	Virtus Group LLP	March 31	See <sup>A</sup>	Yes
Providence Place for Holistic Health Inc.	KPMG LLP	March 31	See <sup>A</sup>	Yes
Radville Marian Health Centre Inc.	KPMG LLP	March 31	See <sup>A</sup>	Yes
Raymore Community Health and Social Centre	SENSUS Chartered Professional Accountants Ltd.	March 31	See <sup>A</sup>	Yes
Regina Lutheran Housing Corporation	MWC Chartered Professional Accountants LLP	March 31	See <sup>A</sup>	Yes
Santa Maria Senior Citizens Home Inc.	KPMG LLP	March 31	See <sup>A</sup>	Yes

Name of Agency	Appointed Auditor	Year-End Date	PAS* Participated in Audit	Financial Statements are Reliable
Saskatoon Convalescent Home	Baker Tilly SK LLP	March 31	See <sup>A</sup>	Yes
Sherbrooke Community Society Inc.	KPMG LLP	March 31	See <sup>A</sup>	Yes
Société Joseph Breton Inc.	HRO Chartered Professional Accountants	March 31	See <sup>A</sup>	Yes
Spruce Manor Special Care Home Inc. <sup>D</sup>	Jensen and Stromberg, Chartered Professional Accountants	March 31	See <sup>A</sup>	Yes
St. Ann's Senior Citizens Village Corporation <sup>D</sup>	KPMG LLP	March 31	See <sup>A</sup>	Yes
St. Anthony's Hospital	KPMG LLP	March 31	See <sup>A</sup>	Yes
St. Joseph's Home for the Aged	Ernst & Young LLP	March 31	See <sup>A</sup>	Yes
St. Joseph's Hospital (Grey Nuns) Gravelbourg	KPMG LLP	March 31	See <sup>A</sup>	Yes
St. Joseph's Hospital of Estevan	KPMG LLP	March 31	See <sup>A</sup>	Yes
St. Joseph's Integrated Health Centre Macklin Inc.	KPMG LLP	March 31	See <sup>A</sup>	Yes
St. Paul Lutheran Home of Melville	Miller, Moar, Grodecki, Kreklewich & Chorney	March 31	See <sup>A</sup>	Yes
St. Peter's Hospital	KPMG LLP	March 31	See <sup>A</sup>	Yes
Strasbourg and District Health Centre	MNP LLP	March 31	See <sup>A</sup>	Yes
Sunnyside Adventist Care Centre	KPMG LLP	March 31	See <sup>A</sup>	Yes
The Qu'Appelle Diocesan Housing Company	Deloitte LLP	March 31	See <sup>A</sup>	Yes
The Salvation Army—William Booth Special Care Home	KPMG LLP	March 31	See <sup>A</sup>	Yes
Warman Mennonite Special Care Home Inc. <sup>D</sup>	MNP LLP	March 31	See <sup>A</sup>	Yes
<b>Regional Colleges</b>				
Carlton Trail College	KPMG LLP	June 30	See <sup>A</sup>	Yes
Cumberland College	MNP LLP	June 30	See <sup>A</sup>	Yes
Great Plains College	Stark & Marsh CPA LLP	June 30	See <sup>A</sup>	Yes
Northlands College	MNP LLP	June 30	Yes	Yes
North West College	Vantage Chartered Professional Accountants	June 30	Yes	Yes
Parkland College	MNP LLP	June 30	See <sup>A</sup>	Yes
Southeast College	Virtus Group LLP	June 30	Yes	Yes
<b>Other Crown Agencies, Special Purpose and Trust Funds</b>				
Agricultural Credit Corporation of Saskatchewan	MNP LLP	March 31	See <sup>A</sup>	Yes
Century Plaza Condominium Corporation	Deloitte LLP	March 31	Yes	Yes
Community Initiatives Fund	Virtus Group LLP	March 31	See <sup>A</sup>	Yes
Crop Reinsurance Fund of Saskatchewan	KPMG LLP	March 31	Yes	Yes





Name of Agency	Appointed Auditor	Year-End Date	PAS* Participated in Audit	Financial Statements are Reliable
Operator Certification Board	MWC Chartered Professional Accountants LLP	March 31	See <sup>A</sup>	Yes
Public Employees' Pension Plan	KPMG LLP	March 31	Yes	Yes
Saskatchewan Agricultural Stabilization Fund	KPMG LLP	March 31	Yes	Yes
Saskatchewan Crop Insurance Corporation	KPMG LLP	March 31	Yes	Yes
Saskatchewan Indian Gaming Authority Inc.	Deloitte LLP	March 31	Yes	Yes
Saskatchewan Lotteries Trust Fund for Sport, Culture and Recreation	Virtus Group LLP	March 31	Yes	Yes
Saskatchewan Research Council	Deloitte LLP	March 31	Yes	Yes
Saskatchewan Trade and Export Partnership Inc.	KPMG LLP	March 31	No	See <sup>C</sup>
Water Security Agency	MNP LLP	March 31	Yes	Yes
Tourism Saskatchewan	Deloitte LLP	March 31	Yes	Yes
<b>Other Agencies</b>				
Technical Safety Authority of Saskatchewan, The	KPMG LLP	June 30	Yes	Yes
<b>CIC, its Subsidiary Crown Corporations &amp; Other Related Entities</b>				
Capital Pension Plan	KPMG LLP	March 31	See <sup>A</sup>	Yes
Crown Investments Corporation of Saskatchewan (CIC)	KPMG LLP	March 31	Yes	Yes
CIC Asset Management Inc.	KPMG LLP	March 31	Yes	Yes
101069101 Saskatchewan Ltd.	See <sup>B</sup>			
SaskEnergy Incorporated	Deloitte LLP	March 31	Yes	Yes
Bayhurst Gas Limited	Deloitte LLP	March 31	Yes	Yes
BG Storage Inc.	See <sup>B</sup>			
Many Islands Pipe Lines (Canada) Limited	Deloitte LLP	March 31	Yes	Yes
Saskatchewan First Call Corporation	See <sup>B</sup>			
TransGas Limited	Deloitte LLP	March 31	Yes	Yes
Saskatchewan Gaming Corporation	KPMG LLP	March 31	Yes	Yes
SGC Holdings Inc.	KPMG LLP	March 31	Yes	Yes
Saskatchewan Government Insurance	KPMG LLP	March 31	Yes	Yes
Saskatchewan Auto Fund	KPMG LLP	March 31	Yes	Yes
Saskatchewan Opportunities Corporation	MNP LLP	March 31	Yes	Yes
Saskatchewan Power Corporation	Deloitte LLP	March 31	Yes	Yes
Northpoint Energy Solutions Inc.	Deloitte LLP	March 31	Yes	Yes
Saskatchewan Telecommunications Holding Corporation	KPMG LLP	March 31	Yes	Yes
Saskatchewan Telecommunications	KPMG LLP	March 31	Yes	Yes
Stentor Resource Centre Inc.	See <sup>B</sup>			

Name of Agency	Appointed Auditor	Year-End Date	PAS* Participated in Audit	Financial Statements are Reliable
Saskatchewan Telecommunications International, Inc.	KPMG LLP	March 31	Yes	Yes
SaskTel International Consulting, Inc.	See <sup>B</sup>			
Battleford International, Inc.	See <sup>B</sup>			
SaskTel Investments Inc.	See <sup>B</sup>			
Manalta Investment Company Ltd	See <sup>B</sup>			
Nokomis Holding Inc.	See <sup>B</sup>			
SecurTek Monitoring Solutions Inc.	KPMG LLP	March 31	Yes	Yes
Shellbrook Holding Inc.	See <sup>B</sup>			
DirectWest Corporation	KPMG LLP	March 31	Yes	Yes
Saskatchewan Telecommunications Pension Plan	KPMG LLP	March 31	Yes	Yes
Saskatchewan Water Corporation	Deloitte LLP	March 31	Yes	Yes

\* PAS—Provincial Auditor of Saskatchewan

<sup>A</sup> The Office reviewed the opinions of the appointed auditor on the reliability of financial statements, effectiveness of processes to safeguard public resources, and compliance with authorities. It also reviewed the appointed auditor's audit findings (including summary of errors) reported to the boards of the agencies. Where necessary, it followed up with the appointed auditor to clarify issues reported.

<sup>B</sup> Agency does not prepare financial statements for audit.

<sup>C</sup> Consistent with prior years, the Office examines the supervisory work carried out by the funding agency over STEP as part of its annual audit of the funding agency (i.e., Ministry of Trade and Export Development).

<sup>D</sup> Only the Affiliate's operation of special-care homes, hospitals, and health centres designated pursuant to *The Facility Designation Regulations* were subject to audit participation.



## Appendix 3

# Samples of Opinions Formed in Annual Audits of Ministries, Crown Agencies, and Crown-Controlled Corporations

The scope of the Office of the Provincial Auditor's audit work includes the Government as a whole, sectors or programs of the Government, and individual government agencies (see **Appendix 1**). *The Provincial Auditor Act* requires the Office to use generally accepted assurance standards published by CPA Canada to carry out its audits (e.g., integrated, performance, follow-up).

Individual government agencies are subject to annual integrated audits. In general, annual integrated audits examine the effectiveness of financial-related controls, compliance with financial-related authorities, and the reliability of financial statements (for agencies that prepare them).

The following are samples of audit opinions formed as part of the annual integrated audits.

### 1.0 EFFECTIVENESS OF INTERNAL CONTROLS (FINANCIAL-RELATED)

We have undertaken a reasonable assurance engagement of [Agency]'s operating effectiveness of internal controls as of [Year End] to express an opinion as to the effectiveness of its internal controls related to the following objectives:

- To safeguard public resources. That is, to ensure its assets are not lost or used inappropriately; to ensure it does not inappropriately incur obligations; to establish a financial plan for the purposes of achieving its financial goals; and to monitor and react to its progress toward the objectives established in its financial plan.
- To prepare reliable financial statements.
- To conduct its activities following laws, regulations, and policies related to financial reporting, safeguarding public resources, revenue raising, spending, borrowing, and investing.

CPA Canada defines control as comprising those elements of an organization that, taken together, support people in the achievement of the organization's objectives. Control is effective to the extent that it provides reasonable assurance that the organization will achieve its objectives.

[Agency]'s management is responsible for effective internal controls related to the objectives described above. Our responsibility is to express an opinion on the effectiveness of internal controls based on our audit.

We used the control framework included in COSO's *Internal Control–Integrated Framework* to make our judgments about the effectiveness of [Agency]'s internal controls. We did not audit certain aspects of internal controls concerning the effectiveness, economy, and efficiency of certain management decision-making processes.

We conducted our reasonable assurance engagement in accordance with Canadian Standard on Assurance Engagements (CSAE) 3001, *Direct Engagements*. This standard requires that we plan and perform this engagement to obtain reasonable assurance as to the effectiveness of [Agency]'s internal controls related to the objectives stated above. The nature, timing and extent of procedures performed depends on our professional judgment, including an assessment of the risks of material misstatement, whether due to fraud or error, and involves obtaining evidence about the effectiveness of internal controls. An audit includes obtaining an understanding of the significant risks related to these objectives, the key control elements and control activities to manage these risks, and examining, on a test basis, evidence relating to control.



Reasonable assurance is a high level of assurance, but is not a guarantee that an engagement conducted in accordance with this standard will always detect a material misstatement when it exists.

Our audit on the effectiveness of [Agency]'s internal controls related to the above objectives does not constitute an audit of internal control over financial reporting performed in conjunction with an audit of financial statements in *CPA Canada Handbook—Assurance Section 5925 An Audit of Internal Control over Financial Reporting that is Integrated with an Audit of Financial Statements*.

Control can provide only reasonable and not absolute assurance of achieving objectives reliably for the following reasons. There are inherent limitations in control including judgment in decision-making, human error, collusion to circumvent control activities, and management overriding control. Cost/benefit decisions are made when designing control in organizations. Because control can be expected to provide only reasonable assurance and not absolute assurance, the objectives referred to above may not be achieved reliably. Also, projections of any evaluation of control to future periods are subject to the risk that control may become ineffective because of changes in internal and external conditions, or that the degree of compliance with control activities may deteriorate.

We believe the evidence we obtained is sufficient and appropriate to provide a basis for our opinion.

In our opinion, subject to the limitations noted above, [Agency]'s internal controls were operating effectively, in all material respects, to meet the objectives stated above as of [Year End] based on COSO's *Internal Control—Integrated Framework*.

*[If control is not effective in all material respects, describe the risk or significant deficiency, and indicate which objective is affected. The report should state whether the deficiency resulted from the absence of control procedures or the degree of compliance with them.]*

This report is provided solely for the purpose of assisting the Provincial Auditor in discharging their responsibilities and for preparing their annual report to the Legislative Assembly of Saskatchewan and is not to be referred to or distributed to any person who is not a member of management or the Board of [Agency], its supervising agencies or the Office of the Provincial Auditor and should not be used for any other purpose. Any use that a third party makes of information contained in this report, or any reliance or decisions based on such information, is the responsibility of such third parties.

We accept no responsibility for loss or damages, if any, suffered by any third party as a result of decisions made or actions taken based on information contained in this report.

We have complied with the ethical requirements of the Chartered Professional Accountants of Saskatchewan—*Rules of Professional Conduct* founded on fundamental principles of integrity, objectivity, professional competency and due care, confidentiality, and professional behaviour.

We apply the *Canadian Standard on Quality Control 1* issued by CPA Canada and, accordingly, maintain a comprehensive system of quality control, including documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

## 2.0 COMPLIANCE WITH LEGISLATIVE AUTHORITIES

We have undertaken a reasonable assurance engagement of [Agency]'s compliance with the provisions of the following legislative and related authorities pertaining to its financial reporting, safeguarding of assets, spending, revenue raising, borrowing, and investment activities during the year ended [Year End]:

*(List all legislative and related authorities covered by this report. This list must include all governing authorities).*

Compliance with the provisions of the stated legislative and related authorities is the responsibility of management of [Agency]. Management is also responsible for such internal control as management determines necessary to enable the [Agency]'s compliance with the specified requirements.

Our responsibility is to express a reasonable assurance opinion on [Agency]'s compliance based on the evidence we have obtained.

We conducted our reasonable assurance engagement in accordance with Canadian Standard on Assurance Engagements (CSAE) 3531 *Direct Engagements to Report on Compliance*. This standard requires that we plan and perform this engagement to obtain reasonable assurance whether [Agency] complied with the criteria established by the legislation and related authorities referred to above, in all significant respects. A reasonable assurance compliance reporting engagement involves performing procedures to obtain evidence about the entity's compliance with the specified requirements. The nature, timing and extent of procedures selected depends on our professional judgment, including an assessment of the risks of significant non-compliance, whether due to fraud or error.

Reasonable assurance is a high level of assurance, but is not a guarantee that an engagement conducted in accordance with this standard will always detect a material misstatement when it exists.

We believe the evidence we obtained is sufficient and appropriate to provide a basis for our opinion.

In our opinion, for the year ended [Year End], [Agency] has complied, in all significant respects, with the provisions of the aforementioned legislative and related authorities.

We do not provide a legal opinion on the [Agency]'s compliance with the aforementioned legislative and related authorities.

*(The report should provide adequate explanation with respect to any reservation contained in the opinion together with, if relevant and practicable, the monetary effect.)*

This report is provided solely for the purpose of assisting the Provincial Auditor in discharging their responsibilities and for preparing their annual report to the Legislative Assembly of Saskatchewan and is not to be referred to or distributed to any person who is not a member of management or the Board of [Agency], its supervising agencies or the Office of the Provincial Auditor and should not be used for any other purpose. Any use that a third party makes of information contained in this report, or any reliance or decisions based on such information, is the responsibility of such third parties.

We accept no responsibility for loss or damages, if any, suffered by any third party as a result of decisions made or actions taken based on information contained in this report.

We have complied with the ethical requirements of the Chartered Professional Accountants of Saskatchewan—*Rules of Professional Conduct*, founded on fundamental principles of integrity, objectivity, professional competency and due care, confidentiality, and professional behaviour.

We apply the *Canadian Standard on Quality Control 1* issued by CPA Canada and, accordingly, maintain a comprehensive system of quality control, including documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

### 3.0 RELIABILITY OF FINANCIAL STATEMENTS

This opinion is formed for government agencies preparing financial statements. Ministries do not prepare financial statements.

#### Opinion

We have audited the financial statements of [Agency], which comprise [the statement of financial position] as at [Year End[s]], and the [statement of operations and accumulated surplus], [statement of remeasurement gains and losses], [statement of changes in net financial assets] and [statement of cash flows] for the year[s] then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of [Agency] as at [Year End[s]], and [insert appropriate wording to describe financial results] for the year[s] then ended in accordance with [insert name of the acceptable financial reporting framework].



### **Basis for Opinion**

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of [Agency] in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

*[Insert the following paragraphs if you expect to receive all or some of the other information (i.e., annual report that includes financial statements) prior to the date of the auditor's report and the auditor does not expect to identify a material misstatement of the other information. If you do not expect to receive other information prior to the date of the auditor's report, then there are no reporting requirements. The Other Information section can be removed from the auditor's report.]*

### **Other Information**

Management is responsible for the other information. The other information comprises the information included in [X report], but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or any knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

### **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with [insert the name of the acceptable financial reporting framework] for Treasury Board's approval, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing [Agency's] ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the [Agency] or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the [Agency's] financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the [Agency's] internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the [Agency's] ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the [Agency] to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control identified during the audit.



