

The Provincial Auditor's Overview

1.0 PREAMBLE

The Office of the Provincial Auditor is the external, independent auditor of the Government of Saskatchewan. 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 on 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 *2023 Report – Volume 1* 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 May 5, 2023 with details on annual integrated and performance audits, as well as our follow-up audit work on previously issued recommendations by our Office and agreed to by the Standing Committee on Public Accounts or Standing Committee on Crown and Central Agencies.

Section 2 of this Overview defines 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 2*, our Office, along with appointed auditors (if in place), completed annual integrated audits of 58 different agencies with fiscal year-ends between July and December 2022.¹ These include integrated audits of 27 school divisions and 18 pension and employee benefit plans.

¹ **Appendix 1** outlines all agencies we examine. **Appendix 2** lists agencies using an appointed auditor.



This section includes concerns at certain school divisions and one government agency, which means most agencies had effective financial-related controls, complied with financial and governance-related legislative authorities, and prepared reliable financial statements.

Thirteen school divisions require improved monitoring of a key financial IT system and its related IT service provider. The service provider did not update the financial IT system for system vulnerabilities until 2022 (outdated since 2021). Adequate monitoring of the IT system and service provider would help school divisions identify and make decisions about mitigating risks to reduce the likelihood of unauthorized access or changes to the system.

The Ministry of Government Relations requires better financial oversight of the Northern Municipal Trust Account.

The Ministry corrected the Trust Account's 2021 draft financial statements by over \$900,000, but not until February 2023. This delayed providing the Trust Account's annual report to the Legislative Assembly by the dates required by law; the Ministry has not tabled the Trust Account's annual report on time since 2014.

The Ministry also needs to obtain and use updated engineering information when estimating costs to decommission Trust Account landfills, and also obtain legislative authority to provide grants from the Trust Account to northern municipalities for landfills not wholly owned by the Ministry. Accurate and timely financial statement reporting is important for stakeholders who rely on the information to make critical decisions.

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 2*).

Chapter 3: Education—Improving Educational Outcomes for Indigenous Students

What our Office examined: The Ministry of Education's processes to implement the *Inspiring Success: First Nations and Métis PreK–12 Education Policy Framework* to improve educational outcomes for Indigenous students.

Education developed the Framework in 2018 with the assistance of Indigenous education organizations, Elders and Traditional Knowledge Keepers, as well as school divisions to offer an approach to improve Indigenous student engagement and achievement.

Why our Office examined this area: The overall Indigenous population in Saskatchewan continues to grow, as does Indigenous student enrolments. As of the 2020–21 school year, over 34,000 Indigenous students were enrolled in provincial school divisions. The

persistent disparity in graduation rates, along with other outcome measures like reading levels, between Indigenous and non-Indigenous students makes it important for the education sector to make concerted efforts to improve educational outcomes for Indigenous students. This will benefit both the students and the province as a whole.

What our Office found: While the Ministry of Education implemented several initiatives since the Framework’s release in 2018 aimed at improving Indigenous student graduation rates, these graduation rates remained relatively unchanged between 2018–21 at 44.7% of Indigenous students (compared to 88.7% of non-Indigenous students) graduating within three years of beginning Grade 10. The Ministry’s direct involvement in improving Indigenous students’ achievement is essential in making lasting change to Indigenous student educational outcomes.

- 34,000 or **19% of K–12 students self-identified as Indigenous** (in 2020–21) in provincial schools.
- June 2021, **45% of Indigenous students graduated within three years of starting Grade 10** rather than the 65% target.
- Saskatchewan’s Indigenous population has **higher rates of unemployment** than their non-Indigenous counterparts—18.6% compared to 5.6% (2016 data). Living without a high school diploma can be a significant obstacle to employment.
- Assessing Indigenous student numeracy, literacy, attendance and engagement levels **well before Grade 10 is key**.

Education needs to:

- Expand measures and targets set to evaluate Indigenous student academic achievement beyond graduation rates to allow for broader analysis of outcome data, which can inform required change. For example, evaluating Indigenous student achievement well before Grade 10 (e.g., before Grade 7) provides opportunities for early intervention and strategies for Indigenous student success.
- Require enhanced reporting from school divisions on Indigenous student success once expanded measures and targets set.
- Determine actions to address root causes of underperforming initiatives related to Indigenous student success. Sharing summarized reports with school divisions will also aid in identifying successful activities and barriers to implementation.

Chapter 7: Social Services—Delivering the Saskatchewan Income Support Program

What our Office examined: The Saskatchewan Income Support Program (SIS) delivered by the Ministry of Social Services—a core income assistance program offered since 2019.

Why our Office examined this area: In 2020, almost 7% of Saskatchewan’s population was living in poverty. SIS is a key program Social Services administers to provide financial assistance for people to meet their basic needs while they work toward self-sufficiency. Effective processes to deliver SIS can assist clients in adequately accessing the Program and receiving the income support needed.

- **Over 17,000 households on SIS** in 2022–23, on average, in any given month; **60% of SIS households comprised of single persons**.
- **Over 5,200 SIS clients have unpaid SaskEnergy or SaskPower bills over \$100, totalling almost \$4.2 million** at February 2023.
- **64% of SIS calls to service centre went unanswered**; only 48% to 66% of SIS calls answered were addressed within expected 20 minutes or less.
- **No set timeframes for planning and support specialists to complete initial planning meetings with SIS clients. We found 10 client files in our testing where the Ministry took between 40 and 220 days to complete the initial planning meeting.**



What our Office found: Social Services had effective processes, for the 12-month period ended January 31, 2023, to deliver SIS other than a number of areas.

Social Services needs to:

- Provide potential clients with better access to apply for SIS benefits
- Offer timely case planning supports and provide consistent and timely referrals (e.g., to employment services, addictions counselling)
- Periodically analyze the overall causes of SIS client evictions and unpaid utilities
- Implement further performance measures to assess SIS's effectiveness. For example, measure how long clients stay on SIS.

Chapter 4: Highways—Conducting Winter Maintenance on Provincial Highways

What our Office examined: The Ministry of Highway's processes to conduct winter maintenance on provincial highways. Winter maintenance involves keeping provincial highways clear of snow and ice.

Why our Office examined this area: Effective processes for prioritizing snow and ice removal from provincial highways decreases dangerous road and driving conditions. Also, the closure of provincial highways has economic consequences, as ground transportation of goods and services is limited when provincial highways are closed.

What our Office found: At January 2023, the Ministry of Highways had effective processes to conduct winter maintenance, but a few areas of improvement are needed.

Highways needs to:

- Sufficiently track whether equipment operators rest for 10 consecutive hours in every 24-hour period, or waive the mandatory rest period. Fatigue increases the risk of causing collisions.
- Clarify terminology on the Highway Hotline (website and application) to allow for consistent and informed decisions about winter driving conditions on highways.
- Set a timeframe for reporting instances where service level expectations were not met and have managers review reports. One instance was reported 79 days after the event.

- 26,500 kilometers of provincial highways; almost **\$60 million spent on winter maintenance in 2021–22.**
- 466 winter maintenance staff operate 436 snowplows and graders.
- The highest service level is to **have snow removed from highway driving lanes and assessed for ice control within 6 hours of a storm ending**; audit found only 16 instances where this service level was not met.
- 19 snowplow or grader incidents in 2021–22, more than the four previous years combined.

Chapter 5: Saskatchewan Polytechnic—Supporting Success of Indigenous Students

What our Office examined: Saskatchewan Polytechnic's processes to support the success of Indigenous students by increasing student enrolment, retention and graduation rates. Sask Polytech uses its Indigenous Student Success Strategy to do this.

Why our Office examined this area: Obtaining higher education leads to better outcomes in the labour market. Sask Polytech estimates its average graduate will earn \$505,000 more over their lifetime than someone who only holds a high school diploma. Reducing differences in educational outcomes in Saskatchewan between Indigenous and non-Indigenous people will support more equitable outcomes.

What our Office found:

Sask Polytech implemented several initiatives (e.g., Indigenous Student Centre programming, application subsidies) aimed at improving Indigenous student success, but has further areas to improve.

Sask Polytech needs to:

- Expand performance measure targets to evaluate the success of its strategies for supporting Indigenous students. For example, there are no targets around Indigenous student enrolment and retention.
- Establish thresholds for when to investigate and take action on unexpected fluctuations in key measures related to Indigenous student success. For example, when Indigenous student enrolments fell by almost 30% between 2019 and 2021, no evaluations were undertaken or action plans set.
- Conduct regular consultations with Indigenous communities about its Indigenous Student Success Strategy
- Verify Indigenous identity of staff in Indigenous-designated positions

- In 2021–22, 15% of nearly 15,000 Sask Polytech students self-identified as Indigenous.
- Sask Polytech's Indigenous Strategy department has 16 staff and spent \$1.35 million on activities related to its Strategy in 2021–22.
- Indigenous student enrolments fell by almost 30% from 3,203 in 2019 to 2,286 in 2021.
- Declining Sask Polytech graduates: 2018: 827 Indigenous graduates; 2021: 648 Indigenous graduates

Chapter 6: Saskatchewan Workers' Compensation Board—Monitoring Safety Associations' Use of Funding

What our Office examined: The Saskatchewan Workers' Compensation Board's processes to monitor safety associations' use of funding for injury prevention and workplace safety.

Why our Office examined this area: Saskatchewan ranks the highest in Canada with 4.4 workplace deaths per 100,000 full-time equivalent employees. WCB works with safety



associations to assess and develop safety programs to prevent workplace injuries and deaths.

WCB provides over \$11 million to seven safety associations annually. Effective monitoring of safety associations' use of funding decreases the risk of safety associations not using the money WCB provides for the intended purpose of reducing workplace injury.

What our Office found: WCB had effective processes to monitor safety associations, except in the following areas.

WCB needs to:

- Set more detailed expectations on eligible costs—what does WCB consider not eligible for funding use (e.g., alcohol purchases and employee gifts that do not contribute to reducing injury rates)
- Formally review key financial information (e.g., budgets) to determine whether safety associations plan to use funding as WCB expects
- Evaluate safety associations' planned performance (e.g., reduced injury rates for certain employer members) against actual results, and resolve identified issues
- Verify safety associations provide key information to employer members, who pay additional premiums to WCB to pay safety associations

- WCB gave **\$11.2 million to seven safety associations** in 2022.
- Safety associations serve 18 different industries including construction, oil and gas, and hospitality.
- Five industries represented by safety associations had higher injury rates than the overall provincial injury rate in 2022.
- Overall, employers within six safety associations had total injury rates trend down in 2022 from 2021.

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.

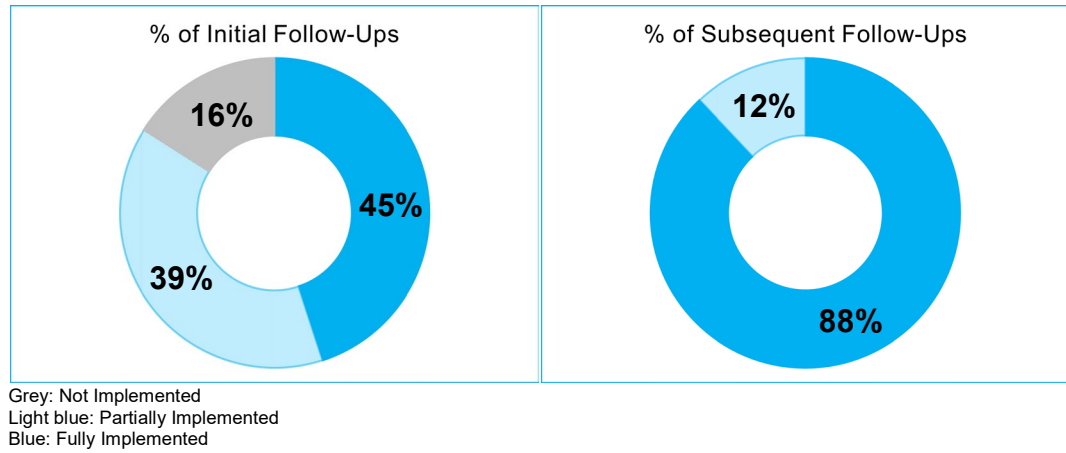
This Section of the Report highlights the results of two follow-up audits, as well as summarizes how quickly government agencies are addressing our recommendations and making process improvements based on the 19 follow-up audits in this Report.

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 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. We expect some recommendations will take government agencies a longer period to implement (e.g., five years).

As shown in **Figure 1**, 45% of the audit recommendations in this Report were fully implemented after the initial follow up (i.e., 2–3 years after original audit) at the various

agencies. For agencies with subsequent follow-ups (i.e., >3 years after original audit) in this Report, 88% of audit recommendations have been fully implemented.

Figure 1—Percentage of Implemented Recommendations



The following table details the results of the 19 follow-up audits in this Report. It sets out the status of recommendations by agency, grouped by initial and subsequent follow-up audits. As evident from the table, some agencies like the Office of Residential Tenancies succeeded in making improvements in a relatively short period.

Overall, agencies implemented more recommendations on an overall basis (62%) than our most recent Report (*2022 Report – Volume 2*: 59%). We are happy to see agencies acting on our recommendations in a timelier manner, as this means public sector management is improving.

However, further work is needed at some agencies.

The Water Security Agency did not make significant progress on four of our audit recommendations from 2020. The Agency is responsible for monitoring water allocation and usage, mainly from surface water sources in Saskatchewan. Irrigation and municipal water comprise the largest two uses of water, accounting for almost 80% of the surface water currently allocated in the province. The Agency still needs to actively monitor whether the 16,000 water-use licensees comply with their licence conditions, or use more water than allowed. The Agency also needs to develop enforcement procedures and give senior management reports on non-compliance. Effective monitoring is key to Saskatchewan having a sustainable water supply for generations to come.

The Saskatchewan Health Authority also has more work to do for treating patients at risk of suicide in northwest Saskatchewan.

The Authority needs to conduct suicide screening on all emergency department patients at risk of suicide to ensure psychiatric evaluations occur prior to discharge, and follow up with patients at risk of suicide after emergency department discharge. The Authority must also analyze reasons why patients do not attend scheduled appointments for mental health outpatient services or videoconferences with psychiatrists. At March 2023, the Authority had four psychiatrist positions vacant in northwest Saskatchewan. Further analysis of key data is also needed to rationalize services available to patients at risk of suicide.



Chapter Name	Related Report ^{A,B}	Status of Recommendations				
		Recommendations	Implemented	Partially Implemented	Not Implemented	No Longer Relevant
Initial Follow-Ups						
Corrections, Policing, and Public Safety—Providing Disaster Assistance	2021 V1	4	4	0	0	0
Justice and Attorney General and Corrections, Policing and Public Safety—Implementing Strategies to Reduce Short-term Remand	2021 V1	6	2	4	0	0
Office of Residential Tenancies—Adjudicating Tenancy Disputes	2021 V1	3	3	0	0	0
Saskatchewan Health Authority—Treating Patients at Risk of Suicide in Northwest Saskatchewan	2019 V2	8	2	6	0	0
Saskatchewan Research Council—Purchasing Goods and Services	2020 V1	5	1	2	2	0
Saskatoon School Division No. 13—Kindergarten Readiness to Learn	2021 V1	5	3	2	0	0
Water Security Agency—Regulating Water Use	2020 V1	7	2	1	4	0
Initial Follow-Ups Subtotal		38	17	15	6	0
% of Initial Follow-Ups Subtotal		100%	45%	39%	16%	0%
Subsequent Follow-Up Audits ^C						
Education—Capital Asset Planning for Schools	2013 V1 2015 V1 2017 V1 2019 V1 2021 V1	1	1	0	0	0
Energy and Resources—Managing Future Cleanup of Oil and Gas Wells	2012 V2 2015 V1 2018 V1	2	2	0	0	0
Environment—Preventing the Entry and Spread of Aquatic Invasive Species in Saskatchewan	2016 V1 2018 V2 2020 V2	2	2	0	0	0
Health—Coordinating the Appropriate Provision of Helicopter Ambulance Services	2019 V2 2021 V2	3	3	0	0	0
Prairie Spirit School Division No. 206—Maintaining Facilities	2016 V1 2019 V1	6	6	0	0	0
Regina Roman Catholic Separate School Division No. 81—English as an Additional Language Programming	2016 V2 2018 V2 2020 V2	1	1	0	0	0
Saskatchewan Cancer Agency—Screening Program for Breast Cancer	2016 V1 2018 V2 2020 V2	1	1	0	0	0
Saskatchewan Health Authority — Triaging Emergency Department Patients in Saskatoon Hospitals	2013 V2 2016 V1 2018 V2 2021 V1	1	1	0	0	0
Saskatchewan Health Authority—Safe and Timely Discharge of Patients from Regina Hospitals	2015 V1 2017 V1 2019 V2	2	0	2	0	0
Saskatchewan Water Corporation—Purchasing Goods and Services	2018 V1 2020 V1	4	4	0	0	0

Chapter Name	Related Report ^{A,B}	Status of Recommendations				
		Recommendations	Implemented	Partially Implemented	Not Implemented	No Longer Relevant
SaskBuilds and Procurement—Securing the Data Centre	2019 V1 2021 V1	1	0	1	0	0
St. Paul's Roman Catholic Separate School Division No. 20—Promoting Good Student Health	2015 V2 2019 V1 2021 V1	1	1	0	0	0
Subsequent Follow-Ups Subtotal		25	22	3	0	0
% of Subsequent Follow-Ups Subtotal		100%	88%	12%	0%	0%
Overall Total		63	39	18	6	0
% of Overall Total		100%	62%	29%	9%	0%

Source: Compiled by the Provincial Auditor of Saskatchewan.

^A V—means Volume.

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

^C 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.

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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.