

Chapter 4 Healthcare Affiliates

1.0 MAIN POINTS

For each of the 2022–23 annual audits of 36 healthcare affiliates, all had effective rules and procedures to safeguard public resources. The 2022–23 financial statements for each of the healthcare affiliates are reliable.

However, during 2022–23, one of the 36 healthcare affiliates (All Nations' Healing Hospital Inc.) did not seek approval from the Minister of Health for two capital projects exceeding \$100,000 each as required by law.

2.0 INTRODUCTION

The Provincial Health Authority Act and related regulations set out the roles and responsibility of the Ministry of Health, the Saskatchewan Health Authority, and Saskatchewan's 37 healthcare affiliates.¹ **Appendix 1** of this Report includes a list of the 37 healthcare affiliates.

The Provincial Health Authority Administration Regulations designates healthcare affiliates, and makes them responsible for providing contracted health services on behalf of the Saskatchewan Health Authority. Most affiliates provide health services for long-term care patients in the healthcare system; several others also provide hospital services in certain areas of the province. These healthcare affiliates employ approximately 6,650 staff.²

Figure 1 provides the combined financial results of 36 healthcare affiliates for 2021–22 and 2022–23.

Figure 1—Healthcare Affiliates' Combined Financial Results

	2022–23	2021–22
	(in millions)	
Grants from the Saskatchewan Health Authority	\$ 237.3	\$ 247.0
Other Revenue (e.g., Federal Government grants, food service revenue)	63.4	61.4
Total Revenue	300.7	308.4
Total Expense	309.7	304.3
Annual Surplus (Deficit)	\$ (9.0)	\$ 4.1
Net Financial Liabilities ^A	\$ (21.1)	\$ (13.7)
Non-financial Assets ^B	\$ 140.6	\$ 142.0

Source: Adapted from audited healthcare affiliates' financial statements for the years ending March 31.

^A Financial assets (e.g., cash, receivables) less liabilities (e.g., accounts payable, debt).

^B Non-financial assets include tangible capital assets (e.g., buildings).

¹ St. Paul's Hospital is not included in this chapter because it is consolidated into the financial statements of the Saskatchewan Health Authority.

² Affiliates' staff headcount (i.e., full-time, part-time, casual) provided by the Ministry of Health.



Each year, the Saskatchewan Health Authority contracts healthcare affiliates to supply about 3,000 beds and health services.³ The Saskatchewan Health Authority paid \$237.3 million in 2022–23 (2021–22: \$247.0 million) to 36 healthcare affiliates.

3.0 AUDIT CONCLUSIONS

Our Office worked with appointed auditors (see **Appendix 2**) to carry out the audits of the healthcare affiliates. We followed the framework in the *Report of the Task Force on Roles, Responsibilities and Duties of Auditors*.⁴

In our opinion, for the year ended March 31, 2023, we found, in all material respects:⁵

- **Each healthcare affiliate had effective rules and procedures to safeguard public resources**
- **Each healthcare affiliate 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 All Nations' Healing Hospital Inc. below:**

The Provincial Health Authority Act

The Facility Designation Regulations

The Provincial Health Authority Administration Regulations

The Special-Care Homes Rates Regulations, 2011

The Housing & Special-Care Homes Regulations

The Trustees Act, 2009

The Health Labour Relations Reorganization (Commissioner) Regulations

Orders in Council pursuant to the above legislation

- **Each healthcare affiliate 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 audits. We used the control framework included in COSO's *Internal Control—Integrated Framework* to make our judgments about the effectiveness of each healthcare affiliate'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.

As healthcare affiliates' expenses consist primarily of payroll and other goods and services, each audit included examining processes for preparing and processing payroll, and ordering, paying for, and receiving goods and services.

4.0 KEY FINDING AND RECOMMENDATION

4.1 All Nations' Healing Hospital Inc.—Minister Approval for Projects Over \$100,000 Required

During 2022–23, All Nations' Healing Hospital Inc. did not seek approval from the Minister of Health for two capital projects exceeding \$100,000 each (i.e., renovations of cafeteria

³ Information provided by the Ministry of Health.

⁴ *Report of the Task Force on Roles, Responsibilities and Duties of Auditors* available on our website.

⁵ This chapter does not include the results of the annual audit of the St. Paul's Hospital because it is included in the annual audit of the Saskatchewan Health Authority. See Chapter 8 for the results of the annual audit of the Authority.

and office space) as required under *The Provincial Health Authority Act* and *The Provincial Health Authority Administration Regulations*. We found the Ministry of Health sent letters to all affiliates in February 2023 reminding them about these legislative requirements.

Capital projects (e.g., wing expansion increasing bed capacity) can impact the level of future operating funding affiliates require from the Ministry of Health. Not seeking the Minister of Health's approval for larger renovation projects increases the risk money may be spent on items not considered a priority for the healthcare system.

- 1. We recommend the All Nations' Healing Hospital Inc. seek the responsible Minister's approval required by law when undertaking capital projects valued at greater than \$100,000.**

