

# 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 advance government's accountability, transparency, and management of public resources through independent assessment and reporting.

*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 *2024 Report – Volume 1* delivers 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 audit examinations of different agencies completed by May 1, 2024, with details on annual integrated (financial) and performance audits, as well as our follow-up audit work on previously issued recommendations by our Office and agreed to by the Standing Committees on Public Accounts or 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 financial 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 *2023 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 2023. These include integrated audits of 27 school divisions and 17 pension and employee benefit plans.

This section includes concerns at certain school divisions. There were new areas of concern around safeguarding public resources identified at four school divisions.

Three school divisions—Holy Family, Northwest, and Northern Lights—did not adequately segregate staff duties in their IT financial systems, which increases the risk that one individual can perform key financial processes, such as setting up suppliers and making



and approving payments, without involving another employee. By not segregating incompatible duties, school divisions are at an increased risk of errors and increased risk of fraud, including making inappropriate e-transfers through phishing scams that may result in significant public losses.

Also, Saskatchewan Rivers School Division did not follow its purchasing policy and obtain three quotes for a purchase over \$5,000. This increases the risk Saskatchewan Rivers did not obtain best value for the purchase.

In addition, three school divisions overstated capital grant revenue in their 2023 financial statements by not following Canadian generally accepted accounting principles when recording this revenue.

Further, IT-related issues from previous years at school divisions continued. Sun West did not test its revised disaster recovery plan, putting it at risk of not delivering programs and services if disruption occurred. Also, 16 school divisions continued to use an inadequate process to monitor their key financial system and its related IT service provider.

## 2.2 Performance Audits

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**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 six non-financial, performance audits completed since our last Report (*2023 Report – Volume 2*).

### Chapter 4: Living Sky School Division—Providing Intervention Services to High School Students with Significant Mental Health Concerns

#### What our Office examined:

We assessed Living Sky School Division's intervention services provided to high school students with significant mental health concerns.

Living Sky is responsible for educating over 2,500 high school students in northwest central Saskatchewan, including the area surrounding North Battleford, Unity, and Spiritwood.

#### Why our Office examined this area:

Poor mental health can negatively impact student engagement and academic achievement.

Living Sky's recent student survey results showed 32% of its Grades 7–12 high school students experience moderate or high levels of anxiety and depression—worse than the 2022–23 Canadian student average at 26%. Studies indicate that mental health supports

in schools are effective in reducing symptoms of mental disorders with especially positive results when schools integrate support into students' academic settings.

**What our Office found:**

Living Sky School Division needs to:

- Analyze counsellor caseloads to identify resource gaps
- Have counsellors formally complete risk assessments and safety plans for students at risk of suicide
- Track student referrals to outside agencies (e.g., Saskatchewan Health Authority)
- Prepare mental health critical incident reports
- Analyze and report key information (e.g., counsellor caseloads, critical incidents, outside agency referrals) to assess adequacy of intervention services provided

- Living Sky has 13 high schools and 12 counsellors (part-time and full-time)
- **One school counsellor was responsible for 820 students**
- 32% of Living Sky's high school students surveyed indicated moderate or high levels of anxiety
- 40% of Living Sky's students seeing counsellors that we tested were in Grades 7 and 8

Living Sky requires better ways to assess the level of mental health supports needed for its high school students.

**Chapter 5: Regina Public School Division—Delivering Prekindergarten Programming**

**What our Office examined:**

We evaluated Regina Public School Division's delivery of prekindergarten programming. The Division offers prekindergarten in 24 schools attended by about 560 students (representing about 10% of prekindergarten students province-wide).

**Why our Office examined this area:**

Quality prekindergarten programs can help children from all backgrounds, with proven long-term benefits in academic, mental health, and social outcomes. Some studies found prekindergarten prepares students for kindergarten and learning in the primary grades, and continues to provide advantages to children later in life.

- Spent \$2.85 million on prekindergarten programming in 2022–23
- Each half-day program has one teacher, one teacher associate, and up to 16 students
- **149 of 708 spaces (21%) not utilized in 2023–24**
- At February 2024, 75 students on prekindergarten waitlists

**What our Office found:**

Regina Public School Division needs to:

- Analyze and report on changes in prekindergarten enrolment. We found the Division did not utilize 21% of its prekindergarten spaces.



- Centrally monitor and analyze its prekindergarten waitlists
- Use sufficient measures to assess and report on the performance of its prekindergarten program, such as student achievement and enrolment
- Help teachers consistently track required family visits
- Improve communication to prekindergarten teachers about partnerships with outside agencies (e.g., KidsFirst Regina) that may provide support services to children and their families
- Formally assess prekindergarten classroom environments

Underutilized prekindergarten spaces means fewer students benefit from the Division's spending on prekindergarten programming.

## Chapter 2: Energy and Resources—Licensing and Inspecting Active Oil and Gas Wells and Facilities

### What our Office examined:

The Ministry of Energy and Resources licenses and inspects oil and gas wells and facilities to confirm compliance with requirements, which helps ensure safe operations. We examined the Ministry's processes for the period ended December 31, 2023.

### Why our Office examined this area:

Appropriate and safe operations of oil and gas wells and facilities helps to mitigate potential incidents that may impact human safety and the environment. Monitoring operators to ensure they meet licensing requirements, and take appropriate enforcement actions when they are not, helps reduce the risk of environmental or property damage and threats to human health.

- In 2023, Saskatchewan had about 54,000 active oil and gas wells and over 8,000 facilities
- Approximately 30 Ministry staff perform on-site inspections across province
- 25% of over 21,000 inspections in 2023 found operators not complying with requirements
- **No plan to inspect over 37,000 wells before 2026**
- One operator owed about \$2 million to the Ministry but continued to get new well licences

### What our Office found:

The Ministry of Energy and Resources needs to:

- Implement a risk-informed inspection approach and plan that extends beyond 2026. The Ministry's current inspection plan excludes inspecting about 37,000 wells last inspected prior to 2021.
- Develop staff guidance to support consistent inspections and enforcement actions. We found Ministry staff gave operators different lengths of time to address similar non-compliance issues (e.g., fix berms around well sites).
- Comply with regulations by sufficiently assessing whether operators owe money to the Government before approving new well or facility licences and justify approving these licences when operators do owe money.

- Review oil and gas waste disposal facilities’ annual reports timely to determine whether environmental risks exist and need to be addressed.
- Enhance reports to senior management by including analysis of regulatory activities (e.g., trends of operator non-compliance found).

We also found the Ministry of Environment needs to document key judgments about environmental risks when evaluating licence applications for oil and gas wells and facilities.

### Chapter 3: Environment—Regulating Industrial Emitters

#### What our Office examined:

We assessed how the Ministry of Environment regulates industrial emitters to reduce greenhouse gas emissions intensity, often referred to as the Output-Based Performance Standards Program. Industrial emitters who join the Program are exempt from the Federal carbon pricing system.

The Ministry regulated 154 industrial emitters registered in the Program in 2023. Under the Program, industrial emitters exceeding annual facility-specific emission intensity limits must pay a levy to the Ministry intended to fund technologies to reduce these intensities in the future. The Ministry collected \$29 million from industrial emitters in 2022–23 and forecasts \$121 million in 2023–24. No new technologies were funded by the Ministry as of December 31, 2023.

#### Why our Office examined this area:

Industry-driven greenhouse gas emissions contribute to climate change. Reducing greenhouse gas emissions intensity will help Saskatchewan minimize negative impacts to provincial economic growth and environmental sustainability caused by climate change.

Jurisdictions with effective climate change strategies will help prepare their economies for increasing global competition as consumers seek out lower carbon options. Effective strategies will also help to manage climate change and its resulting impacts like heat waves, wildfires, intense storms, and droughts.

- Program grew from 80 industrial emitters in 2019 to 154 in 2023
- 17 Ministry staff work on the Program—most professional engineers
- Nearly half of the regulated emitters exceeded their permitted emissions intensity limits in 2019 and 2020
- Emitters who exceed the permitted emissions intensity do not have to pay the Ministry until 1.5 years after this was determined

#### What our Office found:

The Ministry of Environment needs to:

- Assess whether the Program is achieving the desired environmental and economic results by using sufficient measures to report publicly. For example: Is the Program actually reducing emissions intensity and is it enough? Is the Program saving industrial emitters money and by how much?



- Implement a robust data management system to improve analysis, create efficiencies for industrial emitters having to submit data, and reduce the risk of data errors.
- Establish staff guidance for consistently evaluating concerns in third-party verifiers' reports about industrial emitter returns. For example, staff need guidance on questions to ask emitters around concerns, when to escalate a concern to their supervisor, or methods to resolve concerns.

At this point, the public has no way of knowing whether the Ministry of Environment is delivering the Program's intended and environmental outcomes, and whether its current regulation of industrial emitters makes a difference.

## Chapter 6: Saskatchewan Health Authority—Preventing the Spread of Tuberculosis

### What our Office examined:

We examined the Saskatchewan Health Authority's strategies to prevent the spread of tuberculosis (TB).

### Why our Office examined this area:

Early detection and treatment play a significant role in controlling the spread of TB, which is contagious and can spread rapidly through close contacts. Delays in diagnosis and notifying close contacts increases the risk of TB spreading and compromising vulnerable populations. Delays in treating TB increases the risk of it becoming more difficult to treat and potentially fatal.

Of the 138 active TB cases in 2023, 44% lived in Indigenous communities in northern Saskatchewan.

- In 2023, 138 patients had active TB and the Authority treated another 472 latent TB cases
- Active TB rate in Saskatchewan increased by 35% since 2012
- Spent \$3.9 million on TB Prevention and Control Program in 2022-23
- Four outbreaks between 2021 and 2023
- TB patients attended only 55% of scheduled in-person appointments in 2022-23

### What our Office found:

The Saskatchewan Health Authority needs to:

- Work with its partners (e.g., Northern Inter-Tribal Health Authority) to update the Provincial Tuberculosis Strategy
- Track and assess whether close contacts with TB cases are notified timely
- Use criteria to determine an appropriate treatment delivery method for patients to take medication—direct observation (by a healthcare provider) or self-administered
- Reassess the models of TB care in use, such as comparing virtual care to in-person clinics (appointments)
- Set clear expectations for publicly reporting outbreaks
- Track and analyze key TB information

## Chapter 7: SaskBuilds and Procurement—Responding to Cyberattacks

### What our Office examined:

We audited the Ministry of SaskBuilds and Procurement's processes to respond to cyberattacks.

### Why our Office examined this area:

Cybercrime in Canada causes more than \$3 billion in economic losses each year. The estimate total cost of an average data breach in Canada during 2022 was \$5.6 million.

Once detected, a cyberattack requires corrective action. These actions are crucial, yet often ineffective unless an agency has appropriate and tested response and recovery plans. Effective cyberattack response plans are critical as cybercriminals increasingly target and can exploit government IT systems and data.

### What our Office found:

The Ministry of SaskBuilds and Procurement needs to:

- Centrally and continuously monitor all security events to identify potential cyberattacks
- Undertake penetration testing on a periodic basis to identify and address cybersecurity threats
- Continuously test cyber incident response plans and expand its testing techniques

- SaskBuilds and Procurement manages 700 servers and over 300 applications on behalf of clients
- About 15,000 public sector employees access information assets managed by SaskBuilds and Procurement
- Its service provider reported 150 security incidents to SaskBuilds and Procurement between Sept 2022 and August 2023

## 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.

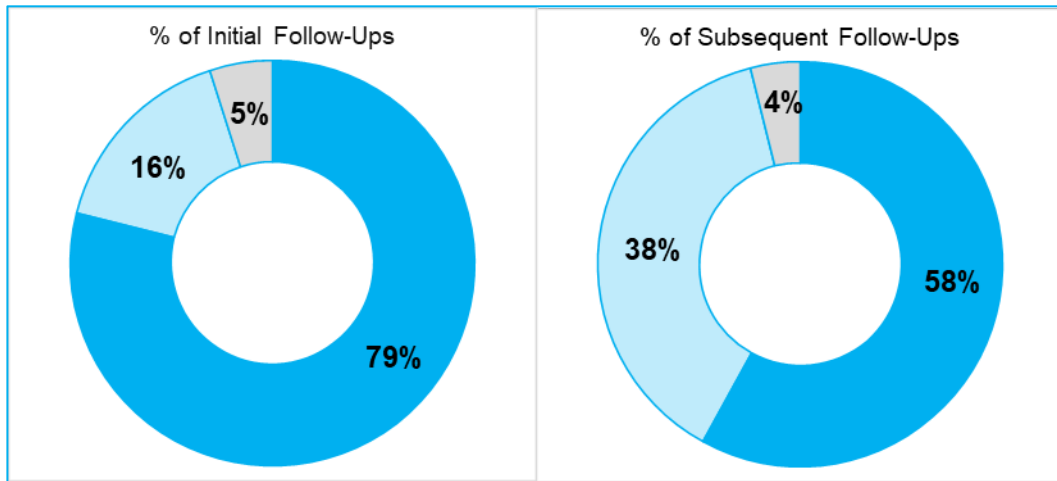
This section of the Report highlights the results of 17 follow-up audits, as well as summarizes how quickly government agencies addressed our recommendations and made process improvements.

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**, 79% 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, 58% of audit recommendations have been fully implemented. This is well above our previous Report (*2023 Report – Volume 2*) where the rate overall was 44%. We are happy to see agencies acting on our recommendations in a timelier manner, as this means public sector management is improving.

**Figure 1—Percentage of Implemented Recommendations**



Grey: Not Implemented/No Longer Relevant  
Light blue: Partially Implemented  
Blue: Fully Implemented

The following table details the results of the 17 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 Saskatchewan Liquor and Gaming Authority succeeded in making the majority of necessary process improvements related to regulating recreational cannabis in a relatively short period, while other agencies take more than five years. SaskGaming also made substantial progress in addressing our recommendations around preventing cyberattacks.

However, further work is needed at some agencies.

The Water Security Agency continues to have five recommendations outstanding from our 2018 audit of its processes to regulate drainage of water on agricultural lands. The Agency still needs to finalize its water quality and wetland retention requirements, use its wetland inventory to identify and take action to bring unapproved high-risk drainage works into compliance, and report to the public on its regulation of drainage on agricultural lands. Leaving unapproved drainage work in high-risk areas increases the risk of flooding neighbouring farmland and the receiving water body, increasing the risk of water quality issues in the water body and loss of wetlands.



Chapter Name	Related Report <sup>A,B</sup>	Status of Recommendations				
		Recommendations	Implemented	Partially Implemented	Not Implemented	No Longer Relevant
<b>Initial Follow-Ups</b>						
3sHealth—Managing Disability Claims	2022 V1	4	2	2	0	0
Saskatchewan Gaming Corporation—Preventing Cyberattacks	2021 V2	7	6	1	0	0
Saskatchewan Liquor and Gaming Authority—Regulating Recreational Cannabis	2021 V1	8	7	0	1	0
<b>Initial Follow-Ups Subtotal</b>		<b>19</b>	<b>15</b>	<b>3</b>	<b>1</b>	<b>0</b>
<b>% of Initial Follow-Ups Subtotal</b>		<b>100%</b>	<b>79%</b>	<b>16%</b>	<b>5%</b>	<b>0%</b>
<b>Subsequent Follow-Up Audits <sup>C</sup></b>						
Corrections, Policing and Public Safety—Monitoring the Community Safety and Well-Being Initiative	2016 V1 2019 V1 2021 V1	2	1	0	0	1
Education—Instruction Time	2009 V3 2011 V2 2014 V1 2016 V1 2019 V1	2	2	0	0	0
Government Relations—Providing Safe Drinking Water in Northern Settlements	2012 V1 2016 V1 2019 V1 2021 V1	4	2	2	0	0
Health—Detecting Inappropriate Physician Payments	2017 V1 2020 V1 2022 V1	2	1	1	0	0
Health—Monitoring Opioid Prescribing and Dispensing	2019 V1 2021 V2	4	2	1	1	0
Horizon School Division No. 205—Maintaining Facilities	2020 V1 2022 V1	4	4	0	0	0
Justice and Attorney General—Supporting Provincial Court of Saskatchewan to Manage Court Workloads	2014 V1 2017 V2 2020 V2	2	1	1	0	0
Saskatchewan Health Authority—Delivering Accessible and Responsive Ground Ambulance Services in Southwest Saskatchewan	2016 V2 2019 V2 2022 V1	1	0	1	0	0
Saskatchewan Health Authority—Preventing and Controlling Hospital-Acquired Infections in the Regina General and Pasqua Hospitals	2018 V2 2022 V1	4	2	2	0	0
Saskatoon School Division No. 13—Supporting Students with Intensive Needs	2018 V1 2022 V1	5	3	2	0	0
Social Services—Monitoring Foster Families	2020 V1 2022 V1	4	1	3	0	0



Chapter Name	Related Report <sup>A,B</sup>	Status of Recommendations				
		Recommendations	Implemented	Partially Implemented	Not Implemented	No Longer Relevant
Social Services—Supervising Community-Based Organizations Delivering Programs to Intellectually Disabled People	2012 V1 2014 V2 2017 V1 2019 V2 2021 V2	3	3	0	0	0
St. Paul's Roman Catholic Separate School Division No. 20—Adapting Technology for Learning in Elementary Schools	2019 V2 2022 V1	1	1	0	0	0
Water Security Agency—Regulating Drainage	2018 V1 2021 V1	9	4	5	0	0
<b>Subsequent Follow-Ups Subtotal</b>		<b>47</b>	<b>27</b>	<b>18</b>	<b>1</b>	<b>1</b>
<b>% of Subsequent Follow-Ups Subtotal</b>		<b>100%</b>	<b>58%</b>	<b>38%</b>	<b>2%</b>	<b>2%</b>
<b>Overall Total</b>		<b>66</b>	<b>42</b>	<b>21</b>	<b>2</b>	<b>1</b>
<b>% of Overall Total</b>		<b>100%</b>	<b>63%</b>	<b>32%</b>	<b>3%</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 and committed to making a difference for a sustainable Saskatchewan and its people.

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 advance accountability, transparency, and better management by providing legislators and Saskatchewan residents with independent assessment and reporting 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 of the Government’s administration of its programs and services. 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).

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, 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).

