

# 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 250 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 2* 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 November 4, 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 *2024 Report – Volume 1*, our Office, along with appointed auditors (if in place), completed annual integrated audits of 175 different agencies with fiscal year-ends between January 2024 and July 2024. These include integrated audits of 17 ministries, 33 Crown corporations and agencies, seven pension and employee benefit plans, and 36 healthcare affiliates.

This section includes concerns at 10 agencies, which means most agencies had effective financial-related controls, complied with financial and governance-related legislative authorities, and prepared reliable financial statements.



eHealth Saskatchewan (**Chapter 1**) has yet to sufficiently test its disaster recovery plans to ensure it can restore critical IT systems it manages for the health sector. Without tested plans, eHealth, as well as the Saskatchewan Health Authority, Saskatchewan Cancer Agency, and the Ministry of Health may not be able to deliver time-sensitive health services in the event of disaster.

There are certain government agencies lacking adequate review and approval of financial information, such as bank reconciliations, revenue reconciliations, and journal entries increasing the risk of errors in financial information and misappropriation of public funds. We found these concerns at Government Relations' Northern Municipal Trust Account (**Chapter 3**), Ministry of Highways (**Chapter 5**), Northlands College (**Chapter 6**), Prairie Agricultural Machinery Institute (**Chapter 7**), and Western Development Museum (**Chapter 10**).

Further, Social Services (**Chapter 9**) did not consider best value when procuring appropriate hotel rooms for its clients prior to March 2024. Since March 2024, Social Services began two hotel pilot projects. It began obtaining three quotes when procuring hotel rooms as well as contracted two hotels (one in Saskatoon and one in Regina) to secure hotel rooms at fixed rates for the next year. Social Services needs to centrally collect reliable data related to these pilots so it can conduct a robust evaluation and determine whether these pilots resulted in efficiency and effectiveness improvements. Social Services also needs to publicly disclose payments made to vendors (e.g., hotels) on behalf of its clients to increase transparency and accountability. Moreover, it needs to demonstrate it considered best value when procuring hotel rooms for its child and family program clients—we found instances where Ministry staff may not have selected the hotel with the lowest nightly rate and did not document why not.

## 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 four non-financial, performance audits.

### Chapter 11: Farm Land Security Board—Regulating Foreign Ownership of Saskatchewan Farmland

#### What our Office examined:

The Farm Land Security Board's processes to regulate foreign ownership of Saskatchewan farmland by non-Canadian entities (i.e., individuals and corporations).

The Board consists of six members appointed by Lieutenant Governor in Council. The Board utilizes six employees who are Ministry of Agriculture staff to support its activities. In 2023–24, Board operating costs amounted to \$708,000.

**Why our Office examined this area:**

The *Saskatchewan Farm Security Act* (Part VI) and related regulations set limits on the amount of farmland non-Canadian entities can control through purchasing or leasing land. Regulating ownership of Saskatchewan farmland by non-Canadian entities is important to preserve ownership and operations of Saskatchewan farmland by Canadians or Canadian-owned entities. If non-Canadian entities purchase Saskatchewan farmland, this may increase farmland prices and prevent Canadian residents from affording farmland.

About 40,000 farmland transactions occur each year in Saskatchewan. Since 2020, the Board issued five orders to sell farmland inappropriately purchased by foreign entities.

**What our Office found:**

The Farm Land Security Board needs to:

- Request and obtain statutory declarations from higher risk farmland purchasers (e.g., corporations registered in jurisdictions outside of Saskatchewan)
- Work with the Ministry of Agriculture to determine how to effectively regulate non-Canadian farmland leases
- Determine how quickly Ministry staff should assess whether farmland transactions comply with the law
- Communicate the requirement to sell farmland timely for identified non-compliance and set escalation procedures for continued non-compliance

- The Board did not request statutory declarations for 9 of 18 farmland purchases tested made by corporations not registered in Saskatchewan
- Ministry staff reviewed farmland transactions about five months after the transaction occurred
- The Board requested 8 statutory declarations since 2020 where it did not receive responses; the Board did not undertake further enforcement action
- In two instances, the Board did not inform foreign entities to sell land until two and six months after it identified non-compliance

**Chapter 12: Saskatchewan Housing Corporation—Planning for Social Housing Units in Regina**

**What our Office examined:**

Saskatchewan Housing Corporation’s processes to plan for social housing units in Regina.

The Corporation owned about 3,000 social housing units in Regina as of June 2024, and the Regina Housing Authority managed these units.

**Why our Office examined this area:**

The Saskatchewan Housing Corporation is a Treasury Board Crown corporation providing housing and housing services to people who could not otherwise afford or access adequate, safe, and secure shelter. Through its Social Housing Program, the Corporation strives to make safe, adequate housing available by providing social housing units and subsidizing rent based on financial need. Effective processes to plan for social housing units can help position people for future success and enable them to better their lives.



**What our Office found:**

Saskatchewan Housing Corporation needs to:

- Assess social housing applicant data and implement plans to help reduce vacant social housing units in Regina
- Complete its forecast of long-term social housing needs in Regina to sufficiently identify gaps
- Identify and respond to possibly over-housed social housing tenants in Regina
- Improve its operational reviews of the Regina Housing Authority
- Report progress on improving building conditions of social housing units in Regina

- At May 2024, 404 households waiting for social housing units in Regina
- At May 2024, 534 vacant social housing units in Regina with 364 units out-of-service (needing repairs)
- 108 single individuals in Regina residing in two-bedroom social housing units when a one-bedroom unit may suffice (i.e., over-housed)
- 51% of social housing units allocated for seniors and about 49% for families/single persons—compared to current demand of about 25% and 75% respectively
- 50% of social housing applicants as of April 2024 seeking units with three bedrooms or more
- Building conditions of the Corporation's housing portfolio in Regina is currently classified as 'poor'

Without effective processes to plan for social housing units in Regina, vulnerable people are at greater risk of not having access to appropriate, affordable housing.

### Chapter 13: Saskatchewan Public Safety Agency—911 Call Taking and Dispatching for Fire Emergencies

**What our Office examined:**

The Saskatchewan Public Safety Agency's processes for 911 call taking and dispatching of fire emergencies.

We focused our audit on the Provincial Emergency Communications Centre (PECC) in Prince Albert. PECC is managed by a service provider (CanOps) contracted by the Agency and serves as the emergency dispatching centre for fire emergencies for all areas of Saskatchewan except for Regina and Saskatoon.

PECC received just over 300,000 calls for 911 services in 2023–24.

**Why our Office examined this area:**

Call answering, call taking, and dispatching are critical so people receive timely fire emergency response as lives and infrastructure are often at risk. Availability of the 911 telephone answering and computer-aided dispatch [CAD] systems is also critical to support timely response, appropriate assessment, and proper information sharing of fire emergencies. Fire departments depend on relevant and timely information to keep themselves and the public safe.

The Agency must have effective processes to adequately monitor contracted service providers to ensure expectations are met.

**What our Office found:**

Saskatchewan Public Safety Agency needs to:

- Expand its IT security requirements and monitoring to safeguard the continued availability of its 911 systems and data
- Set formal expectations and monitor how quickly 911 fire calls are taken and dispatched to fire departments
- Enhance its 911 quality assurance program to include dispatch services
- Periodically confirm whether 911 staff have appropriate training certifications
- Enhance its financial oversight of its service provider, including determining eligible expenses for the administration fee paid, reviewing quarterly financial reports, and rationalizing the necessary level of staff needed

- Agency paid CanOps \$13.7 million in 2023–24 (2022–23: \$9.6 million)
- Agreement with CanOps lacks requirements around cybersecurity measures, incident response, change management, asset management, and access control
- In April 2024, 97% of 911 calls to PECC answered within 15 seconds
- 77% of 911 fire calls tested took more than the expected 90 seconds to be dispatched
- 32 instances found where CanOps staff had expired training certifications
- Administrative fee to CanOps increased from \$547,000 in 2021–22 to \$1.2 million in the 2024–25 budget request

**Chapter 14: SaskPower—Transitioning to Low and Non-Emitting Energy Sources**

**What our Office examined:**

We audited SaskPower’s planning processes to transition to low and non-emitting energy sources to meet its greenhouse gas emissions reduction and renewable energy generation targets.

By 2030, SaskPower is targeting to increase its electricity generating capacity to a minimum of 40–50% from non-emitting sources (like hydro, wind, solar and nuclear) and reduce its greenhouse gas emissions by 50% from 2005 levels. Maintaining a power supply plan that includes low and non-emitting energy sources is important to help SaskPower in meeting these commitments.

**Why our Office examined this area:**

Reducing greenhouse gas emissions is important to help mitigate the worst impacts of climate change including floods, forest fires, and droughts.

Saskatchewan ranked fourth highest for greenhouse gas emissions in Canada in 2022 (first in per capita emissions), which includes emissions emitted from electricity generation. SaskPower generates most of the power in the province.



**What our Office found:**

SaskPower needs to:

- Analyze further expansion of distributed energy resources (e.g., solar panels) to help meet emerging needs
- Clarify action plans to address when annual low and non-emitting energy targets are not met

- In 2023–24, about 35% of SaskPower’s total generating capacity came from renewable sources with the remainder fueled mainly from coal and natural gas
- Using its Net-Zero 2050 pathway, SaskPower is striving toward 57% of generating capacity from renewable sources by 2050
- Net-Zero 2050 pathway will result in SaskPower not complying with draft federal Clean Electricity Regulations by 2035
- In 2023, SaskPower planned to reduce greenhouse gas emissions by 8% compared to 2005 levels, instead greenhouse gas emissions decreased by 4%

## 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.

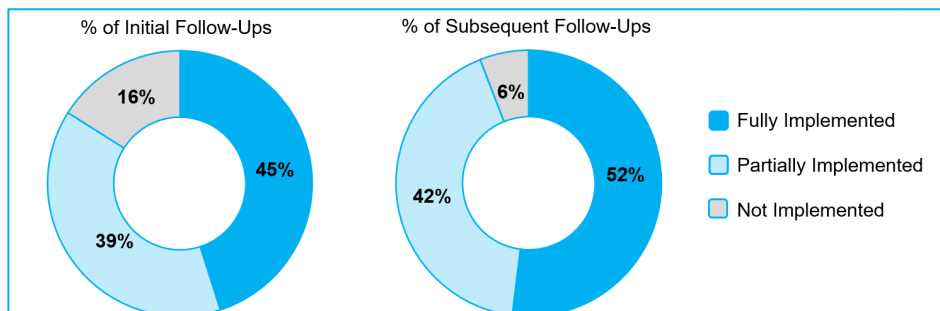
Our Office systematically assesses the status of outstanding recommendations to determine whether agencies made recommended improvements.

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**, 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, 52% of audit recommendations have been fully implemented. We are pleased to see some agencies are acting on our recommendations in a timely manner, as this means public sector management is improving.

**Figure 1—Percentage of Implemented Recommendations**



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.

Some agencies like the Saskatchewan Cancer Agency (**Chapter 25**) made process improvements in a relatively short timeframe having implemented all five recommendations we made in our 2022 audit of its processes to manage its supply of cancer drugs.

However, further work is needed at some agencies.

The Ministry of Health (**Chapter 20**) is responsible for overseeing critical incident reporting in the healthcare sector. The Ministry receives critical incident reports from healthcare organizations like the Saskatchewan Health Authority and needs to sufficiently assess planned corrective actions to help ensure they effectively address causes of critical incidents. The Ministry continues to receive critical incident reports later than required by law and does not sufficiently enforce compliance. The Ministry must also effectively determine when to issue patient safety alerts to help implement system-wide improvements, otherwise the degree of injury and types of critical incidents that occur in Saskatchewan healthcare facilities will not reduce over time.

The Ministry of Social Services (**Chapter 31**) licensed about 280 group homes and 180 private service homes in Saskatchewan providing accommodations, meals, and care to adult clients with intellectual disabilities at April 2024. The Ministry had yet to update its inspection checklist for approved private service homes and continued to not inspect each group home annually. Also, the Ministry has yet to verify completion of periodic criminal record checks for staff working at group and approved private service homes and it lacked regular contact with clients. The Ministry still needs to analyze serious incident reports to identify homes with critical concerns and follow up with home operators on the implementation of recommendations from serious incident reports. This will support adults with intellectual disabilities to live fulfilling lives, free from safety and health threats.

We found both Northern Lights School Division (**Chapter 22**) and Northlands College (**Chapter 23**) need to strengthen their processes to purchase goods and services to support transparency, fairness, and achievement of best value. This includes documenting justification for sole source purchases, approving contracts and purchases before receiving goods or services, segregating incompatible purchasing duties, and reconciling fleet card statements prior to making payments.

Additionally, we made one new recommendation during our follow-up audit about purchasing processes at Northlands College related to the College's non-compliance with its established policies for travel expense claims and corporate credit cards. For example, we found two instances where a corporate credit card was used for personal reasons and we found senior management incurred travel expenses without adequate support or prior approval, including an international trip costing the College roughly \$19,000. Lack of adequate support and approval increases the risk of inappropriate or fraudulent purchases by staff.



Chapter Name	Related Report <sup>A,B</sup>	New <sup>C</sup>	Recommendations	Status of Recommendations		
				Implemented	Partially Implemented	Not Implemented
<b>Initial Follow-Ups</b>						
Corrections, Policing and Public Safety—Inmate Segregation	2022 V2		7	5	1	1
Health—Using Critical Incident Reporting to Improve Patient Safety	2021 V1		10	3	5	2
Saskatchewan Cancer Agency—Cancer Drug Supply Management	2022 V2		5	5		
Social Services—Monitoring Quality of Care in Homes Supporting Adults with Intellectual Disabilities	2021 V2		9	1	6	2
<b>Initial Follow-Ups Subtotal</b>			<b>31</b>	<b>14</b>	<b>12</b>	<b>5</b>
<b>% of Initial Follow-Ups Subtotal</b>			<b>100%</b>	<b>45%</b>	<b>39%</b>	<b>16%</b>
<b>Subsequent Follow-Up Audits<sup>D</sup></b>						
Corrections, Policing and Public Safety—Rehabilitating Adult Inmates	2008 V1 2010 V1 2011 V2 2015 V2 2018 V2 2021 V2		2	2		
eHealth—Securing Portable Computing Devices	2020 V1 2022 V2		6	1	5	
Finance—Monitoring the Fuel Tax Exemption Program	2016 V1 2019 V1 2022 V2		3	3		
Health—Preventing Diabetes-Related Health Complications	2012 V2 2015 V1 2017 V2 2020 V2		3	3		
Immigration and Career Training—Coordinating English-language Programs	2015 V1 2017 V1 2019 V1 2021 V1		2	2		
Northern Lights School Division No. 113—Purchasing Goods and Services	2019 V1 2022 V1		14	4	7	3
Northlands College—Purchasing Goods and Services	2019 V1 2021 V1	1	9	1	8	
Saskatchewan Arts Board—Awarding Grants Impartially and Transparently	2018 V2 2021 V2		1	1		
Saskatchewan Health Authority—Analyzing Surgical Biopsies in Regina and Saskatoon Labs	2018 V2 2022 V2		3	1	2	
Saskatchewan Health Authority—Efficient Use of MRIs in Regina	2017 V1 2020 V1 2022 V1		3	3		
Saskatchewan Legal Aid Commission—Providing Legal Aid Services	2016 V1 2018 V2 2021 V2		2	2		



Chapter Name	Related Report <sup>A,B</sup>	New <sup>C</sup>	Recommendations	Status of Recommendations		
				Implemented	Partially Implemented	Not Implemented
Saskatchewan Liquor and Gaming Authority—Regulating Commercial Permittees' On-Table Sale of Liquor	2017 V1 2019 V1 2021 V1		2	2		
SaskPower—Maintaining Above-Ground Assets Used to Distribute Electricity	2018 V2 2022 V1		2	2		
<b>Subsequent Follow-Ups Subtotal</b>		1	52	27	22	3
<b>% of Subsequent Follow-Ups Subtotal</b>			100%	52%	42%	6%
<b>Overall Total</b>		1	83	41	34	8
<b>% of Overall Total</b>			100%	49%	41%	10%

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> New Recommendations made during the follow-up audits.

<sup>D</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 appreciate 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; we are 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 commitment to quality work. Our team's 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 250 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).