

## Chapter 4 Healthcare Affiliates

### 1.0 MAIN POINTS

For each of the 2023–24 annual audits of 35 healthcare affiliates, all had effective rules and procedures to safeguard public resources. The 2023–24 financial statements for each of the healthcare affiliates are reliable.

All Nations' Healing Hospital Inc. did not comply with legislative requirements and obtain approval from the Ministry of Health for two 2022–23 capital projects exceeding \$100,000 until 2023–24. As All Nations did not undertake any further capital projects valued at greater than \$100,000 during 2023–24, we were unable to confirm it would have obtained Minister of Health's approval as required by legislative requirements. Not seeking the Minister's approval for capital projects increases the risk money may be spent on items not considered a priority for the healthcare system.

### 2.0 INTRODUCTION

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

*The Provincial Health Authority Administration Regulations* designate healthcare affiliates, and make 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 6,800 staff.<sup>2</sup>

**Figure 1** provides the combined financial results of 35 healthcare affiliates for 2022–23 and 2023–24.

**Figure 1—Healthcare Affiliates' Combined Financial Results**

	2023–24	2022–23
	(in millions)	
Grants from the Saskatchewan Health Authority	\$ 244.7	\$ 231.9
Other Revenue (e.g., Federal Government grants, food service revenue)	<u>64.6</u>	<u>62.1</u>
<b>Total Revenue</b>	<u>309.3</u>	<u>294.0</u>

<sup>1</sup> St. Paul's Hospital is not included in this chapter as it is consolidated into the financial statements of the Saskatchewan Health Authority. See Chapter 8 for the results of the annual audit of the Authority. Regina Lutheran Housing Corporation is not included in this chapter due to delayed completion of its annual audit—the Corporation notified the Saskatchewan Health Authority of the termination of its operations in fiscal 2023. The Authority acquired the Corporation's land and building in December 2023 and took over its operations in April 2024.

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



	2023–24	2022–23
	(in millions)	
<b>Total Expenses</b>	310.9	302.7
<b>Annual Deficit</b>	\$ (1.6)	\$ (8.7)
<b>Net Financial Liabilities<sup>A</sup></b>	\$ (16.3)	\$ (19.0)
<b>Non-financial Assets<sup>B</sup></b>	\$ 135.8	\$ 138.8

Source: Adapted from audited healthcare affiliates' financial statements for the years ending March 31. In 2022–23, Regina Luther Housing Corporation had revenues of \$6.7 million and expenses of \$6.9 million; audited financial statements for 2023–24 are not available at October 2024.

<sup>A</sup> Financial assets (e.g., cash, receivables) less liabilities (e.g., accounts payable, debt).

<sup>B</sup> Non-financial assets include tangible capital assets (e.g., buildings).

Each year, the Saskatchewan Health Authority contracts healthcare affiliates to supply almost 3,200 beds and health services.<sup>3</sup> The Saskatchewan Health Authority paid \$244.7 million in 2023–24 (2022–23: \$231.9 million) to 35 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*.<sup>4</sup>

**In our opinion, for the year ended March 31, 2024, we found, in all material respects:**

- **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.:**

*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 Trustee Act, 2009*  
*The Health Labour Relations Reorganization (Commissioner) Regulations*  
 Orders in Council issued 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.

<sup>3</sup> Information provided by the Ministry of Health.

<sup>4</sup> *Report of the Task Force on Roles, Responsibilities and Duties of Auditors* available at [auditor.sk.ca](http://auditor.sk.ca).

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 Prior Year Capital Projects Over \$100,000 Obtained

***We recommended 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. (2023 Report – Volume 2, p. 33, Recommendation 1; Public Accounts Committee agreement February 26, 2024)***

**Status**—Partially Implemented

All Nations' Healing Hospital Inc. obtained approval from the Ministry of Health in 2023–24 for two 2022–23 capital projects exceeding \$100,000. It did not undertake any further capital projects valued at greater than \$100,000 during 2023–24 so we were unable to confirm it would have obtained Minister of Health's approval as required by legislative requirements.

During 2022–23, we found 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 and office space) as required under *The Provincial Health Authority Act* and *The Provincial Health Authority Administration Regulations*. We found All Nations sought approval and the Ministry of Health approved these projects during 2023–24. As All Nations did not undertake any further capital projects valued at greater than \$100,000 during 2023–24 we were unable to confirm it would have obtained the Minister of Health's approval as required by legislative requirements.

Capital projects can impact the level of future operating funding affiliates require from the Ministry of Health (e.g., wing expansion increasing bed capacity). 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 to the healthcare system.

