

## Chapter 9

### Social Services

#### 1.0 MAIN POINTS

This chapter reports the results of our annual audit of the Ministry of Social Services for the year ended March 31, 2024. Our audit also included assessing the design and implementation of the Ministry's processes up to July 31, 2024, for procuring hotel rooms when income assistance or child and family programs' clients require hotel stays. Prior to March 2024, the Ministry's processes did not specifically consider best value when procuring appropriate hotel rooms for its clients.

The Ministry complied with authorities governing its activities and had effective rules and procedures to safeguard public resources other than it needs to:

- Centrally collect reliable data and conduct a robust evaluation to determine whether its two hotel pilot projects (i.e., obtaining three quotes, using contracted hotels with fixed rates) improve its ability to procure hotel rooms for clients efficiently and effectively.
- Demonstrate its consideration for best value in its procurement of hotel rooms for child and family program clients (e.g., Ministry staff document the nightly hotel rate chosen in its case management system).
- Publicly disclose payments made to vendors (e.g., hotels) on behalf of its clients to increase transparency and demonstrate accountability.
- Adequately record overpayments for the Saskatchewan Income Support (SIS) Program and recover them in a timely manner—the Ministry does not consistently set up automatic recovery for known overpayments. Not initiating automatic payment recovery delays timely overpayment recovery, with the Ministry having limited ability to collect on overpayments if clients leave the SIS Program.

During 2023–24, the Ministry of Social Services implemented a process to start verifying the accuracy of SIS Program clients' income information with the Federal Government. The Ministry confirmed the accuracy of income for a sample of clients and intends to further expand this work in 2024–25. Using third-party information to confirm client income decreases the risk of the Ministry paying incorrect SIS benefits.

#### 2.0 INTRODUCTION

##### 2.1 Background

The mandate of the Ministry of Social Services is to help children be safe from abuse and neglect, and help individuals meet their basic needs and participate in their community.<sup>1</sup>

<sup>1</sup> Ministry of Social Services, *Annual Report for 2023–24*, p. 4.



The Ministry provides support through income assistance, child and family services, affordable housing, and supports for people with disabilities.<sup>2</sup> Key programs and services include child protection services, out-of-home care (e.g., foster care), financial assistance, housing programs, and disability services. The Ministry also builds capacity of community-based organizations.

## 2.2 Financial Overview

In 2023–24, the Ministry of Social Services spent about \$1.46 billion delivering its programs (see **Figure 1**). It also reported revenues totalling about \$51.6 million primarily from Federal Government transfers (e.g., special allowances for children in care).<sup>3</sup>

**Figure 1—Expenses by Program**

|  | Estimates<br>2023–24 | Actual<br>2023–24 |
|--|----------------------|-------------------|
|  | (in millions)        |                   |
| Central Management and Services        | \$ 56.9              | \$ 59.1           |
| Income Assistance Services             | 647.4                | 638.9             |
| Child and Family Services              | 379.1                | 401.8             |
| Client Support                         | 13.0                 | 14.6              |
| Housing                                | 24.0                 | 32.1              |
| Disability Programs and Services       | 310.9                | 309.9             |
| <b>Total Appropriation<sup>A</sup></b> | <b>\$ 1,431.3</b>    | <b>\$ 1,456.4</b> |
| Capital Asset Acquisitions             | (6.4)                | (5.7)             |
| Capital Asset Amortization             | 7.6                  | 3.0               |
| <b>Total Expenses</b>                  | <b>\$ 1,432.5</b>    | <b>\$ 1,453.7</b> |

Source: Ministry of Social Services, *Annual Report for 2023–24*, pp. 22–24.

<sup>A</sup> During 2023–24, the Ministry of Social Services also received \$32.9 million in Supplementary Estimates and Special Warrant funding.

## 3.0 AUDIT CONCLUSIONS

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

- **The Ministry of Social Services had effective rules and procedures to safeguard public resources except for the matters described in this chapter**
- **The Ministry of Social Services 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 described in this chapter related to the inconsistent recording and recovery of Saskatchewan Income Support (SIS) Program overpayments:**

*The Child and Family Services Act*  
*The Child Care Act, 2014*  
*The Child Care Regulations, 2015*  
*The Social Services Administration Act*  
*The Rehabilitation Act*  
*The Rehabilitation Regulations*

*The Personal Care Home Benefit Regulations*  
*The Rental Housing Supplement Regulations*  
*The Saskatchewan Assured Income for Disability Regulations, 2012*  
*The Saskatchewan Income Plan Act*  
*The Seniors Income Plan Regulations*

<sup>2</sup> Ministry of Social Services, *Annual Report for 2023–24*, p. 4.

<sup>3</sup> Ministry of Social Services, *Annual Report for 2023–24*, pp. 24–25.

*The Vocational Rehabilitation Regulations*  
*The Residential Services Act, 2019*  
*The Residential Services Regulations*  
*The Saskatchewan Assistance Act*  
*The Saskatchewan Income Support Regulations*  
*The Disability Housing Supplement Regulations*  
*The Employment Supplement Regulations*

*The Training Allowance Regulations*  
*The Executive Government Administration Act*  
*The Ministry of Social Services Regulations, 2007*  
*The Financial Administration Act, 1993*  
*The Purchasing Act, 2004*  
 Orders in Council issued pursuant to the above  
 Legislation

We used standards for assurance engagements published in the *CPA Canada Handbook—Assurance* (including CSAE 3001 and 3531) to conduct our audit. We used the control framework included in COSO's *Internal Control—Integrated Framework* to make our judgments about the effectiveness of the Ministry of Social Services' 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.

We focused our audit on the following areas:

- Administration of the Ministry's various programs (e.g., Saskatchewan Income Support [SIS], Saskatchewan Assured Income for Disability [SAID], Autism Individualized Funding) as prescribed by legislation and policy manuals
- Processes to verify client income information for its income assistance programs
- Processes for identifying, approving, and properly recording contractual payments and obligations
- Design and implementation of processes for procuring hotel rooms when income assistance or child and family programs' clients require hotel stays—see **Section 5.0**

## 4.0 ANNUAL AUDIT—KEY FINDINGS AND RECOMMENDATIONS

### 4.1 Incorrect SIS Payments Still Occurring But No Longer Significant

***We recommended the Ministry of Social Services reinforce with staff the requirements for paying shelter benefits under the Saskatchewan Income Support Program.*** (2022 Report – Volume 2, p. 44, Recommendation 1; Public Accounts Committee agreement February 27, 2023)

**Status**—Intent of Recommendation Implemented

The Ministry of Social Services continued to not consistently comply with legislative and policy requirements associated with paying shelter benefits to clients under the Saskatchewan Income Support (SIS) Program resulting in incorrect payments during the year.<sup>4</sup> However, our analysis found overall estimated errors in SIS payments were not significant for 2023–24; we will continue to examine SIS payments on an annual basis to determine significance.

<sup>4</sup> *The Saskatchewan Income Support Regulations* outline income assistance benefits the Ministry of Social Services may pay to eligible clients under the SIS Program.



Section 13 of the Ministry’s SIS policy manual sets out the legislative and policy requirements for shelter benefits under the Program. The Ministry provides clients with shelter benefits to cover the cost of shelter-related items such as rent, mortgage, utilities, property taxes, homeowners’ insurance, home repairs, and security deposits.<sup>5</sup> **Figure 2** sets out the Program’s monthly shelter benefit rates for 2023–24.

**Figure 2—2023–24 Monthly Shelter Benefit Rates for the Saskatchewan Income Support (SIS) Program**

| Location             | Singles | Couples | Families (1 or 2 children) | Families (3 or more children) |
|----------------------|---------|---------|----------------------------|-------------------------------|
| Saskatoon or Regina  | \$630   | \$805   | \$1,030                    | \$1,205                       |
| Rest of the province | \$570   | \$695   | \$795                      | \$895                         |

Source: *Saskatchewan Income Support Program Policy Manual—January 2024*, p. 43.

To be eligible for the monthly shelter benefit, clients must submit relevant documentation (e.g., proof of rent or ownership) and resubmit documentation upon a change in circumstances (e.g., upon lease expiry, change in residence). The Ministry expects staff to follow up with clients to obtain all necessary documentation, or pause client benefits.

Shelter benefits represented about 63% of the Ministry’s SIS payments in 2023–24—about \$152 million out of \$242 million.<sup>6</sup>

We tested 68 payments that included shelter benefits under SIS and found six instances where shelter benefits were paid at rates inconsistent with Ministry policy and/or legislation, and three instances where shelter benefits were paid without sufficient documentation (e.g., valid lease agreement). Such instances result in the Ministry either providing clients with too much support, or not enough. For example, the Ministry did not reduce a client’s monthly shelter benefits when one of their children turned 18 years old, resulting in an overpayment of \$1,000.

In the six instances where the Ministry paid benefits at inconsistent rates, clients were overpaid. We notified the Ministry of the errors identified and it was working to make necessary adjustments to the respective client files (e.g., record an overpayment).

The Ministry continues to provide staff with training or guidance about the shelter benefits available within the SIS Program to help enhance staff understanding of and compliance with the various requirements. During 2023–24, the Ministry provided training to income assistance staff on shelter benefits, policies, verification expectations, and documentation requirements.

We used our audit results to estimate the overall impact for almost \$242 million SIS payments the Ministry made during 2023–24. Our analysis found the overall estimated errors in SIS payments was not significant to the Ministry (i.e., under 2% of the Ministry’s total SIS payments).<sup>7</sup>

Not complying with legislative and policy requirements increase the risk of the Ministry paying clients incorrect income assistance amounts.

<sup>5</sup> *Saskatchewan Income Support Program Policy Manual—January 2024*, p. 43.

<sup>6</sup> Adapted from information provided by the Ministry of Social Services.

<sup>7</sup> Assessing significance considers qualitative and quantitative factors (e.g., deviation rates, total payment amounts).

## 4.2 Starting to Verify Income for SIS Clients

***We recommended the Ministry of Social Services verify client income information for its Saskatchewan Income Support Program.*** (2020 Report – Volume 2, p. 94, Recommendation 1; Public Accounts Committee agreement March 2, 2022)

**Status**—Implemented

The Ministry of Social Services implemented a process to verify the accuracy of Saskatchewan Income Support (SIS) Program clients' income information with the Federal Government.

In 2023–24, the Ministry averaged over 18,000 clients on SIS each month, spending an annual total of \$242 million.

The Ministry requires SIS clients to report their income and provide supporting documentation. We found the Ministry implemented a process in fall 2023 to confirm proof of income for SIS clients using income tax data from the Federal Government.

During 2023–24, the Ministry took a risk-based approach to confirming the accuracy of income for SIS clients meeting the following conditions:

- Classified as Service Level 1 or 2 clients<sup>8</sup>
- Clients received SIS benefits for the entire tax year under review (i.e., 2022 tax year)

We found the Ministry confirmed the accuracy of income for a sample of 22 SIS clients meeting the above conditions (about 3,500 SIS clients met these conditions). By confirming the income for these clients using income tax data, the Ministry identified SIS overpayments for two clients (totalling almost \$25,000) and adjusted the client files (i.e., recorded an overpayment). The Ministry indicated it intends to expand its confirmation of SIS clients' income for a larger sample of clients in 2024–25.

Use of third-party confirmations verifies the accuracy of key information (e.g., income) reported by clients. Obtaining and checking third-party information to confirm client income decreases the risk of providing income assistance through SIS to ineligible clients, or the Ministry paying incorrect SIS benefits.

## 4.3 Inconsistent Recording and Recovery of SIS Overpayments

***We recommended the Ministry of Social Services record and recover overpayments related to its Saskatchewan Income Support Program in a timely manner.*** (2020 Report – Volume 2, p. 95, Recommendation 2; Public Accounts Committee agreement March 2, 2022)

**Status**—Partially Implemented

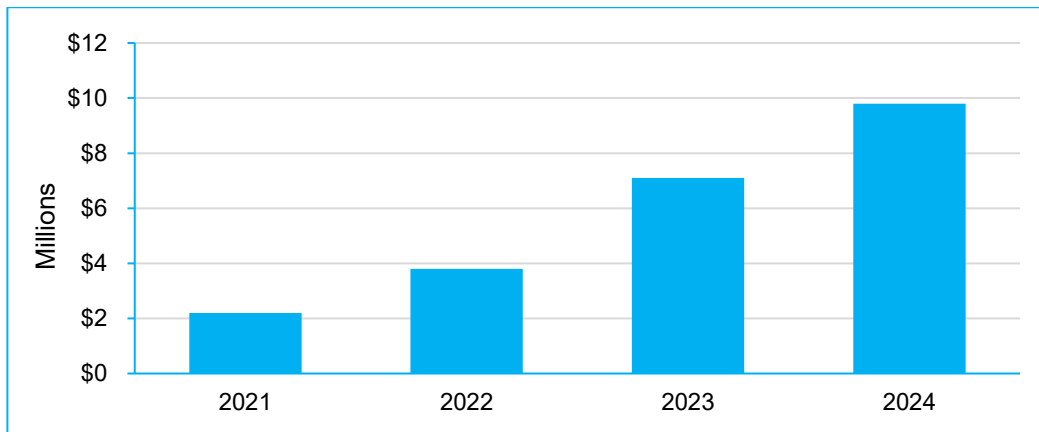
<sup>8</sup> The Ministry of Social Services uses a service-level screening assessment to help determine the needs of SIS clients—it classifies clients into one of four service levels. The Ministry expects SIS clients classified into Service Levels 1 or 2 to be able to secure employment within six months or less.



The Ministry of Social Services continued to inconsistently record, and inadequately recover, Saskatchewan Income Support (SIS) Program overpayments during 2023–24.<sup>9</sup>

An overpayment occurs when the Ministry pays a SIS client before receiving all information necessary to confirm a client’s eligibility for benefits, where it makes an error in determining a benefit amount, or when a client potentially provides inaccurate information to the Ministry. As shown in **Figure 3**, the Ministry recorded accounts receivable of \$9.8 million at March 31, 2024, related to SIS overpayments—a 38% increase from 2022–23.

**Figure 3—Saskatchewan Income Support (SIS) Program Overpayment Accounts Receivable 2021–24**



Source: Adapted from information provided by the Ministry of Social Services.

The Ministry expects staff to initiate recovery of overpayments in the month following payment. Additionally, the Ministry can pay clients’ housing security deposits (i.e., deemed an overpayment) with the understanding that clients will repay these benefits beginning the following month of receiving payment.<sup>10,11</sup>

The Ministry’s IT system used to administer SIS benefits allows staff to establish automatic payment recovery (beginning the following month) and record the related amount due (i.e., accounts receivable) for overpayments from future SIS benefits.

We found staff were not always setting up an automatic recovery for known overpayments. A number of these known overpayments related to historical overpayments (e.g., from clients’ previous SIS cases) where the Ministry had yet to set up automatic recovery within the IT system.

For eight SIS client files we tested with known overpayments:

- Ministry staff did not record the overpayments for seven files and did not set up the collection from future benefits through the automatic payment recovery process

<sup>9</sup> *The Saskatchewan Income Support Regulations* set out circumstances where the Ministry of Social Services should recover overpayments of benefits (e.g. security deposits) from clients.

<sup>10</sup> The Ministry of Social Services considers security deposits to be recoverable payments. We include these with overpayments in this section.

<sup>11</sup> The Ministry of Social Services’ policies allow SIS clients to request and receive security deposit payments, which they pay back to the Ministry at a rate of \$50 per month. Similarly, the Ministry’s policies require it to recover any benefits overpaid to a SIS client at a rate of \$50 per month.

- Ministry staff set up the overpayment for one file, but did not do so timely (i.e., collection started nine months after the overpayment occurred)

We notified the Ministry of the errors identified and it was working to make necessary adjustments to the respective client files (e.g., set up overpayment recovery from future SIS benefits). The Ministry indicated staff did not set up the automatic recovery of historical SIS overpayments due to this being a manual process on a client-by-client basis. When clients with historical overpayments apply for SIS benefits, the Ministry expects staff to set up such overpayments in a reasonable timeframe—it anticipates providing staff with further training in this area during 2024–25.

Not recording amounts due and not initiating automatic payment recovery delays timely overpayment recovery. In addition, the Ministry will have limited ability to collect on overpayments if clients leave the SIS Program.

## 5.0 PROCURING HOTEL ROOMS FOR CLIENTS

### 5.1 Introduction

This section reports our assessment of the design and implementation of the Ministry of Social Services' processes for procuring hotel rooms when income assistance or child and family programs' clients require hotel stays. As the Ministry only began implementing new processes in March 2024, our audit work considered these changes in processes up to July 31, 2024.

We decided to do this work in response to concerns raised in the Legislative Assembly during 2023–24 regarding the Ministry's processes to properly procure hotel rooms for clients in need. Prior to March 2024, the Ministry's existing processes did not specifically consider best value when procuring appropriate (i.e., for client needs) hotel rooms for clients. **Figure 4** sets out the line of inquiry guiding our work.

**Figure 4—Line of Inquiry**

- Are policies and processes appropriate for procuring hotel services for clients to obtain best value? Consider:
  - Existence, and reasonableness, of documented policies
  - Maintenance of a list of hotels willing to accept Ministry clients, with nightly rates
  - Processes to select hotels in a fair and unbiased manner that considers best value (e.g., potential conflicts of interest, consistent approach when selecting hotel providers)
  - Documented selection of approved hotel providers
  - Monitoring and evaluating use of hotels for clients
  - Transparency regarding use of hotels for clients

The scope of our work did not include assessing possible contravention(s) of *The Members' Conflict of Interest Act*.<sup>12</sup> The Conflict of Interest Commissioner is an independent, non-partisan Officer of the Legislative Assembly who is responsible for impartially administering the Act. It is the Commissioner's responsibility to respond to allegations that a Member has contravened the Act, and to conduct an inquiry, if warranted.<sup>13</sup>

<sup>12</sup> *The Members' Conflict of Interest Act* sets out the duties of Members of the Legislative Assembly and members of Executive Council with respect to conflict of interest. It also sets out the prohibitions with respect to conflict of interest.

<sup>13</sup> [saskcoic.ca/commissioner/commissioners-role/](https://saskcoic.ca/commissioner/commissioners-role/) (21 August 2024).



## 5.2 Ministry Use of Hotel Rooms

The Ministry of Social Services considers use of hotels for clients as a last resort when no other options exist (e.g., clients unable to stay with family or friends, limited shelter space). The Ministry has various policies setting out circumstances where it may fund client stays in hotels. Examples of such circumstances include seeking safety from interpersonal violence, housing after fires, floods, or unsafe living conditions, for medical appointments, or facilitating an Opikinawasowin (OPIK).<sup>14</sup>

**Figure 5** illustrates the Ministry’s approximate spending on hotel rooms for clients across the province. From 2021 to 2024, hotel expenditures have continually increased—it is important for the Ministry to have effective processes to procure suitable hotel rooms to meet client needs at a reasonable cost.

**Figure 5—Hotel Expenditures for Income Assistance and Child and Family Programs’ Clients 2021–24<sup>A</sup>**

| Fiscal Year | Total <sup>B</sup> | Top Three Hotels Used and Total Expenditures         | Estimated Average Cost per Night |
|-------------|--------------------|--|----------------------------------|
| 2021–22     | <b>\$2,715,795</b> | Refresh Inn & Suites (Saskatoon)<br><b>\$272,054</b> | Data not available               |
|             |                    | Thriftlodge (Saskatoon)<br><b>\$172,505</b>          |                                  |
|             |                    | Coachman Inn Motel (Regina)<br><b>\$149,393</b>      |                                  |
| 2022–23     | <b>\$3,076,235</b> | Refresh Inn & Suites (Saskatoon)<br><b>\$260,002</b> | \$148                            |
|             |                    | Sunrise Motel (Regina)<br><b>\$220,474</b>           | \$151                            |
|             |                    | Confederation Inn (Saskatoon)<br><b>\$202,723</b>    | \$155                            |
| 2023–24     | <b>\$3,608,394</b> | Refresh Inn & Suites (Saskatoon)<br><b>\$375,617</b> | \$149 <sup>C</sup>               |
|             |                    | Thriftlodge (Regina)<br><b>\$258,012</b>             | \$185 <sup>C</sup>               |
|             |                    | Sunrise Motel (Regina)<br><b>\$230,496</b>           | \$162 <sup>C</sup>               |

Source: Information provided by the Ministry of Social Services.

<sup>A</sup> Complete information about total expenditures prior to 2021–22 is not available as some data was inaccessible from obsolete data systems.

<sup>B</sup> Expenditures may include accommodation, food, meeting rooms, fees, and taxes.

<sup>C</sup> The Ministry of Social Services estimated the average cost per night for the top three hotels in 2023–24 using hotel expenditures between April 1 and September 30, 2023.

<sup>14</sup> An Opikinawasowin (OPIK) is an Indigenous approach used in dealing with Child and Family Program issues by ensuring the voice of the child is central to all planning. It is operated as a circle by a group of Elders who review each case in detail and make recommendations to the court or Child and Family Programs. The Ministry pays for hotel costs associated with OPIK meetings (e.g., accommodations, food, meeting rooms). [saskatchewan.ca/government/health-care-administration-and-provider-resources/saskatchewan-health-initiatives/saskatchewans-children-and-youth-strategy/fostering-inclusivity-and-respect](https://saskatchewan.ca/government/health-care-administration-and-provider-resources/saskatchewan-health-initiatives/saskatchewans-children-and-youth-strategy/fostering-inclusivity-and-respect) (21 August 2024).



## 5.3 New Requirements for Procuring Hotels Implemented But Documentation Lacking for Hotel Selection

At the end of 2023–24, the Ministry of Social Services initiated two pilot projects associated with procuring hotel rooms for clients:

- One project requires staff to obtain three quotes when procuring hotel rooms and choose the hotel (appropriate for client needs) with the lowest rate
- The other project involved contracting a hotel provider in both Regina and Saskatoon to provide five hotel rooms every night at a single fixed rate for a one-year period

### 5.3.1 Requirement to Obtain Three Quotes

In March 2024, the Ministry of Social Services set formal requirements for staff to obtain three quotes when procuring hotel rooms for clients. While we found the Income Assistance Branch appropriately documented rationale for selecting hotels for clients, we found the Child and Family Programs Branch needed to improve its documentation surrounding hotel selection.

Prior to March 2024, the Ministry did not have formal processes to guide staff when selecting hotel rooms for clients. The Ministry indicated while it did not maintain a list of hotels regularly used for clients, staff who frequently procured hotel rooms for clients were aware of those hotels typically willing to accept Ministry clients.

In March 2024, the Ministry implemented a pilot project requiring staff to obtain three quotes from hotel providers when procuring hotel rooms for clients in Saskatoon, Regina, Prince Albert, and Moose Jaw. The Ministry's Program Support Branch developed a list of confirmed hotel providers by contacting hotels located in these cities to identify interested providers—we found this is similar to processes in other jurisdictions.

Program Support Branch staff maintain a price quote list by calling three hotels for each location on the listing twice each week (Monday and Friday) to obtain nightly room rates—staff call hotels on a rotational basis to provide all hotels an opportunity to give updated quotes. For example, a list from June 2024 included:

- Quotes for three hotels in Regina, 10 hotels in Saskatoon, five hotels in Prince Albert, and eight hotels in Moose Jaw with quotes ranging from \$95 to \$237 per night.
- Saskatoon's Refresh Inn & Suites and Confederation Inn, as well as Regina's Coachman Inn Motel as noted in **Figure 5**, but did not list Regina's Sunrise Motel, Thriftlodge Regina, or Thriftlodge Saskatoon—the Ministry explained these hotels were not interested in participating in the quote process but that it may still use these hotels during circumstances where there are no other hotels suitable for a client's needs available.

Program Support Branch staff share the price quote list each Monday and Friday with other staff (e.g., caseworkers, after-hours service providers) who may be booking hotel rooms for clients. The Ministry expects staff to use the price quote list to arrange each stay,



starting with the hotel showing the lowest quoted price, as long as the available hotel room(s) are suitable to a client's needs (e.g., accommodate a client's family).

When procuring hotels for clients, the Ministry expects staff to document details in the case management systems surrounding a client's need for a hotel (e.g., homeless, full shelters, domestic abuse), along with necessary approvals (e.g., supervisor, manager authorization) as well as the nightly rate obtained.

Our assessment of the Ministry's implementation of its three-quote pilot between March and June 2024 found:

- Program Support Branch staff communicated the price quote list with other relevant staff—we reviewed communications for six different days during this period.
- For four **income assistance clients**, we reviewed documentation within the case management system confirming staff appropriately used the price quote list (i.e., chose the hotel with the lowest rate that appropriately met client needs) and obtained necessary approvals to procure the hotel rooms. The rates obtained by the Ministry ranged from \$125 to \$170 per night.
- For three **child and family program clients**, we reviewed documentation within the case management system confirming staff within the Child and Family Programs Branch obtained necessary approvals to procure the hotel rooms. However, we were unable to determine whether they appropriately used the price quote list when selecting the hotels.

We found one instance in Prince Albert where staff inadequately documented their judgment for not selecting the lowest priced hotel from the price quote list. The chosen hotel had the lowest nightly rate per the price quote list at \$105 but the Ministry paid \$146 per night (as that was the available rate provided by the hotel on that date). There was another hotel on the price quote list with a lower nightly rate of \$109—we were unable to assess whether staff considered booking that hotel instead.

The other two instances were in Regina and staff did not document their consideration for each hotel chosen or whether they obtained the lowest priced hotel from the current price quote list. In one instance, we determined Ministry staff did not select the hotel with the lowest nightly rate (\$130 versus \$109). In the other instance, we were unable to determine whether Ministry staff selected the hotel with the lowest rate because staff did not document the nightly rate charged in the case management system.

It is important for staff to document the factors impacting hotel selection for clients (e.g., nightly rates in comparison to the price quote list, client circumstances such as whether they have children).

The Ministry only started using its three-quote process in March 2024, but it does not have a sufficient method to track the use of hotels since implementing this process. We were unable to ascertain the average nightly rates before and after implementation of the three-quote process because of poor tracking. As it maintains detailed client-hotel data within multiple systems, it takes effort to determine how much the Ministry spends at one hotel

over another—see **Section 5.4** where we recommend the Ministry centrally track hotels it pays and at what rates.

Having sufficient documentation about hotel selection enables the Ministry to demonstrate its consideration of best value in its procurement of hotel rooms while treating hotel providers fairly and equitably.

1. We recommend the Ministry of Social Services maintain sufficient documentation to support appropriate selection of hotels needed for its child and family program clients.

### 5.3.2 Selection of Two Hotel Providers through Request for Proposal

In March 2024, the Ministry of Social Services began implementing another pilot project to select two hotels to provide a fixed number of rooms over a one-year period.

The Ministry issued a request for proposal (RFP) to select a hotel provider in both Regina and Saskatoon to provide five hotel rooms every night at a fixed rate for a one-year period in each city. The Ministry worked with the Ministry of SaskBuilds and Procurement to issue the RFP and evaluate responses. We found the Ministry:

- Appropriately communicated the RFP through SaskTenders and provided hotels sufficient time to prepare responses (i.e., request open for month of March 2024).<sup>15</sup>
- Evaluated all five hotels that submitted bids using an independent evaluation committee.
- Assessed hotels using evaluation criteria consistent with the RFP document, including the requirement for a corporate profile confirming bidders' business legitimacy (i.e., registered business in Saskatchewan), and may also include details about ownership interests (i.e., to help identify possible conflicts of interest with government). The Ministry required bidders to disclose in writing any actual, potential, or perceived conflicts of interest—the five bidders did not disclose any such conflicts.
- Awarded contracts to the highest scoring bidder in each city—Travelodge Suites Regina Eastgate (valued at up to \$610,000) and Country Inn and Suites Saskatoon (valued at up to \$640,000)—for August 1, 2024, to July 31, 2025.<sup>16</sup> The Ministry appropriately communicated the contracts awarded on SaskTenders.

Effective processes to tender and evaluate potential hotel room providers helps the Ministry to select the most suitable providers in serving the Ministry's needs and specifications.

<sup>15</sup> The SaskTenders website hosts public sector tender notices for Saskatchewan. [sasktenders.ca/content/public/Search.aspx](https://sasktenders.ca/content/public/Search.aspx) (22 August 2024).

<sup>16</sup> The Ministry of Social Services' expenditures on these two hotel contracts cannot exceed \$1.25 million. The expenditures include consideration for the fixed nightly rate (including fees and taxes) and any damages caused by Ministry clients during their stay.



## 5.4 Robust Data Collection and Evaluation of Hotel Pilot Projects Needed

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The Ministry of Social Services needs to centrally collect data and conduct a robust evaluation to determine whether its hotel pilot projects improve its ability to procure hotel rooms for clients efficiently and effectively.

As described in **Section 5.3**, the Ministry began implementing two pilot projects (i.e., three quotes, contracted hotels with fixed rates) during 2023–24 related to procuring hotel rooms for income assistance and child and family programs' clients.

Beginning in August 2025, the Ministry plans to evaluate its two pilot projects for the one-year period ending July 31, 2025. We found the Ministry prepared an initial evaluation plan and expects to finalize its plan in fall 2024. Our review of the initial plan found:

- The Ministry expects its evaluation of the three-quote process to consider information such as the number of hotels available on the price quote list and the average nightly rate. It also expects to evaluate the effort required to obtain weekly quotes. Ministry management indicated this effort takes approximately 20 hours per month.

Our analysis found the nightly rates listed stay relatively consistent among hotels from month-to-month; while significant fluctuations may occur when cities host special events (e.g., sporting events, concerts), seeking quotes less frequently (e.g., monthly, quarterly) may be appropriate.

- For the two hotels selected through an RFP, the Ministry expects to evaluate information such as the usage rate for these rooms and the related impact on the usage/cost of other hotels used.

The Ministry also expects to evaluate the extent of damages paid to these two hotels, which can inform its processes for all hotels providing client stays. The Ministry agreed to reimburse these contracted hotels for costs to repair damages if caused by a Ministry client during their stay, up to a maximum of \$200 per stay.

This is a key difference between the two pilot projects, as the Ministry does not reimburse other hotels (i.e., those obtained through quotes) for damages caused by clients.

We obtained an understanding of processes used by similar agencies in two other Canadian provinces (i.e., Alberta and Manitoba) and found both provinces were willing to negotiate with any hotels regarding damages caused by clients. Willingness to negotiate with hotels regarding the reimbursement of damages may reduce the risk of hotels inflating their prices to protect against potential damages from Ministry clients or hotels refusing to provide rooms to Ministry clients.

- The Ministry had yet to consider all data requirements or to determine baselines/targets (e.g., cost per night: \$150 or lower; hotel utilization rates: 90% occupancy or more) needed for its evaluation. Baselines and targets can help the Ministry to appropriately measure the effectiveness of its two pilot projects.

We found the Ministry did contemplate its data requirements for the two hotels selected through RFP within its agreements with the hotel providers (i.e., requires hotels to provide monthly reporting about usage [client names, room numbers, length of stay] and any damages [client names, room numbers, details about the damages]).

However, the Ministry cannot easily obtain data for evaluating its three-quote process, as it maintains detailed client-hotel data (e.g., number of clients, why rooms needed, length of stay, cost per stay) within multiple systems. For example, the Ministry indicated staff spent considerable time during 2023–24 compiling data about client hotel stays to help answer questions from legislators. In addition, as noted in **Figure 5**, some data prior to 2021–22 was inaccessible from obsolete systems. To evaluate its pilot project, the Ministry needs to track key data (e.g., in a central spreadsheet) from hotel invoices it receives and pays for income assistance and child and family programs' clients.

To effectively evaluate its pilot projects, the Ministry needs reliable data on which to base its assessment. The Ministry requires such information to determine whether the projects improved its ability to procure suitable hotel rooms for clients efficiently and effectively. It needs to complete this evaluation timely and provide the results to senior management to also support future decisions and/or changes needed.

2. We recommend the Ministry of Social Services centrally track and monitor hotels it pays and at what rates for clients of its income assistance and child and family programs.
3. We recommend the Ministry of Social Services complete a robust evaluation of its pilot projects to procure hotel rooms for clients of its income assistance and child and family programs.

## 5.5 Payments Made to Vendors on Behalf of Clients Lacking Transparency

Inconsistent with other jurisdictions, the Ministry of Social Services does not publicly disclose payments made to vendors on behalf of its clients, such as when it pays hotels for income assistance or child and family programs' client stays.

The Government of Saskatchewan prepares its Public Accounts in accordance with *The Financial Administration Act, 1993*, consisting of two volumes; the Ministry of Finance prepares Public Accounts on behalf of the Government. *Public Accounts Volume 2* enhances accountability by providing unaudited financial information for all ministries and offices of the Government, including the Ministry of Social Services.<sup>17</sup>

Volume 2 includes a listing of payees for major categories of expenses (e.g., salaries and benefits, transfers, goods and services). When the Ministry of Social Services pays vendors on behalf of its clients, it records these payments as operating transfers—these are transfers to or on behalf of individuals for which the Government does not receive any goods or services directly in return.<sup>18</sup>

<sup>17</sup> Government of Saskatchewan, *Public Accounts 2022–23 Volume 2*, p. 4.

<sup>18</sup> *Ibid.*, p. 5.



According to the *Financial Administration Manual* maintained by the Ministry of Finance, Volume 2 includes payee details for transfers where payees receive \$50,000 or more, except in the following circumstances:

- For high-volume programs of a universal nature, or income security and other programs of a confidential and personal nature
- Where governing program legislation requires payee information to remain confidential<sup>19</sup>

Historically, the Ministry has applied the above exceptions when preparing its disclosures for Volume 2 and has not disclosed payments made to vendors on behalf of its clients. While these exceptions may be consistent with the Government's policy for reporting payee details in Volume 2, we found it is not consistent with reporting practices in neighbouring jurisdictions.

We compared the Ministry's payee details in Volume 2 to similar reporting in two other Canadian provinces (i.e., Alberta and Manitoba) and found the Ministry's counterparts in both provinces report the payee details for payments made to vendors (e.g., hotels, grocery stores) on behalf of clients exceeding a specific threshold (i.e., \$10,000 or \$50,000). For example, these jurisdictions would have reported the payee details for payments made to vendors similar to those described in **Figure 5**.

Public reporting about payments made to vendors on behalf of clients (e.g., in *Public Accounts Volume 2* or within its annual report) can help the Ministry to increase transparency about its use of vendors and demonstrate accountability for its programs. Making relevant information publicly available, while maintaining client privacy and confidentiality, assists the public in understanding and monitoring the activities and costs managed by the Ministry.

**4. We recommend the Ministry of Social Services work with the Ministry of Finance to consider how to publicly report payments made to vendors on behalf of income assistance and child and family programs' clients.**

<sup>19</sup> Ministry of Finance, Provincial Comptroller's Office, *Financial Administration Manual Section 2010—Reporting Payee Details in the Public Accounts*.