

Chapter 6

Saskatchewan Health Authority

1.0 MAIN POINTS

This chapter reports the results of the 2024–25 annual audit of the Saskatchewan Health Authority.

The Authority's 2024–25 financial statements are reliable. In 2024–25, the Authority complied with the authorities governing its activities related to financial reporting and safeguarding public resources. The Authority had effective rules and procedures to safeguard public resources for the year ended March 31, 2025, except where it needed to:

- Regularly monitor whether users with conflicting roles (i.e., ability to enter and approve invoices) processed payment transactions without involving others.

Lack of such monitoring increases the risk of the Authority processing inappropriate financial transactions, not catching errors, and fraud.

- Prepare and review sufficient financial reconciliations. The Authority's inability to obtain detailed reports from the Administrative Information Management System (AIMS) general ledger created challenges in preparing sufficient and timely financial reconciliations for accounts receivable, payroll, and cash—several of these key reconciliations were not done timely and included unreconciled amounts (e.g., four bank reconciliations had unreconciled balances totaling \$6 million at March 31, 2025).

Consistent preparation and review of sufficient reconciliations help to identify issues and allow for corrective action in a timely manner.

- Consistently maintain appropriately approved timecards for staff—over 25% of the timecards we tested lacked appropriate approvals.

Timecard approval helps manage employee attendance and makes sure staff get paid accurately for time worked.

During 2024–25, the Authority finalized the remaining key aspects (e.g., security, disaster recovery requirements) of its IT service level agreement with eHealth Saskatchewan—improving its ability to effectively monitor eHealth's provision of IT services. Additionally, while the Authority continued to work toward fully implementing AIMS, it shared lessons learned (e.g., lack of sufficient system testing or user training) with other government agencies leading significant IT projects—doing so can help avoid system implementation failures on similar IT projects by removing potential impediments before they happen.



2.0 INTRODUCTION

2.1 Background

The Provincial Health Authority Act makes the Saskatchewan Health Authority responsible for planning, organizing, delivering, and evaluating health services within Saskatchewan. The Authority's Board is responsible for administering its affairs and conducting the business of the Authority.

The Authority's mission is to improve Saskatchewan's health and wellbeing, every day, for everyone.¹ The Authority uses many affiliates and healthcare organizations to help deliver health services in the province.

2.2 Financial Overview

As set out in **Figure 1**, in 2024–25, the Saskatchewan Health Authority had revenue and expenses of \$6.1 billion and \$5.6 billion respectively, resulting in a \$449 million surplus. During the year, the Authority received approximately 93% of its revenue from the Ministry of Health. At March 31, 2025, it held assets of \$3.1 billion, including capital assets of \$2.3 billion.

Figure 1—Revenue and Expenses of the Saskatchewan Health Authority

	Actual 2024–25	Actual 2023–24 restated ^A
	(in millions)	
Ministry of Health—General Revenue Fund	\$ 5,679	\$ 5,083
Other revenue	416	425
Total Revenue	6,095	5,508
Salaries and benefits	3,266	3,143
Medical remuneration and benefits	601	583
Grants to ambulance services, healthcare organizations, and affiliates	400	360
Medical and surgical supplies	204	202
Amortization	168	181
Other expenses (e.g., purchased salaries, contracted services)	1,007	979
Total Expenses	5,646	5,448
Annual Surplus	\$ 449	\$ 60

Source: Adapted from Saskatchewan Health Authority audited financial statements for the year ended March 31, 2025.

^A The Authority's full implementation of a change in accounting policy during 2024–25 to standardize the estimated useful lives of its tangible capital assets across the province resulted in a \$28 million restatement to prior year amortization expense.

3.0 AUDIT CONCLUSIONS

In our opinion, for the year ended March 31, 2025, we found, in all material respects:

- **The Saskatchewan Health Authority had reliable financial statements**

¹ Saskatchewan Health Authority, *Annual Report 2023–2024*, p. 6.

- **The Saskatchewan Health Authority had effective rules and procedures to safeguard public resources except as noted in this chapter**
- **The Saskatchewan Health Authority complied with the following authorities governing its activities related to financial reporting, safeguarding public resources, revenue raising, spending, borrowing, and investing:**

The Provincial Health Authority Act
The Provincial Health Authority Administration Regulations
The Special-care Homes Rates Regulations, 2011
The Medical Laboratory Licensing Act, 1994
The Trustee Act, 2009
The Health Labour Relations Reorganization (Commissioner) Regulations
The Health Administration Act

The Housing & Special-care Homes Regulations
The Special-Care Homes Regulations, 2024
The Narcotic Control Regulations (Canada)
The Executive Government Administration Act
The Financial Administration Act, 1993
The Government Service Organization (Provincial Sales Tax) Remission Regulations
 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 Saskatchewan Health Authority'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.

Because salaries and benefits comprise the Authority's primary expense, our audit included testing processes for appropriately preparing and processing payroll (including overtime and contract salaries). We also tested the Authority's processes for ordering, paying for, and receiving goods and services.

We examined controls to safeguard financial-related IT systems and data. The audit assessed the reasonableness of key estimates recorded in the financial statements (e.g., accumulated sick leave liability, asset retirement obligations). The audit also assessed the reasonableness of information disclosed about the Authority's pension plans and the impact on controls and financial information associated with the Authority's implementation of the Administrative Information Management System (AIMS) in June 2024.

4.0 KEY FINDINGS AND RECOMMENDATIONS

4.1 Certain Incompatible Duties Separated, But Monitoring of Payment Transactions Needed Where Conflicting Roles Exist

We recommended the Saskatchewan Health Authority separate incompatible duties. (2019 Report – Volume 2, p. 86, Recommendation 3; Public Accounts Committee agreement March 1, 2022)

Status—Implemented (for Payroll and Vendor Changes)

The Saskatchewan Health Authority's implementation of its new system called AIMS appropriately separated incompatible duties when setting up vendors and paying staff. However, the Authority had yet to implement practices to monitor whether AIMS users with conflicting roles process payment transactions without involving others.



The Authority implemented the AIMS finance, human resources, and supply chain modules in June 2024.

We found AIMS appropriately separates user access associated with processing payroll transactions (e.g., processing payroll, setting up new employees), which reduces the risk of payroll fraud and errors.

Additionally, the Authority strengthened its processes for entering and changing vendor information in AIMS by centralizing the review of vendor-change requests within its Finance Business Support Services and Analysis unit. This unit reviews and enters vendor changes within AIMS after verifying staff appropriately confirmed the validity of the vendor changes. This decreases the risk of making payments to fictitious vendors.

However, our review of Authority user access in AIMS identified 19 users with the ability to enter and approve invoices. We found the Authority did not have established practices to monitor whether users with these conflicting roles processed payment transactions without involving others. Involving more than one individual in making purchases decreases the risk of undetected fraud. Our analysis of 2024–25 financial data in AIMS did not identify any inappropriate payment transactions where the same user entered and approved an invoice. Such analysis and/or reporting should be done by the Authority on a regular basis.

The Authority may accept the risks associated with some AIMS users having conflicting roles but requires a mechanism to detect whether errors or fraud occur as a result. Without practices (e.g., data analytics, reports) to regularly monitor whether users with conflicting roles processed payment transactions without involving other individuals increase the risk of the Authority processing inappropriate financial transactions, not catching errors, and fraud.

1. **We recommend the Saskatchewan Health Authority regularly monitor whether users with conflicting roles process payment transactions without involving others.**

4.2 Sufficient and Timely Review of Financial Reconciliations Needed

The Saskatchewan Health Authority did not perform sufficient, timely reviews of financial reconciliations during 2024–25.

Timely, detailed review of financial reconciliations like bank reconciliations reduce the risk of inaccurate financial records and reports to management and the Board. Reconciliations help the Authority determine whether it appropriately records financial transactions in the general ledger and can help detect misappropriation of funds.

AIMS created challenges in preparing sufficient and timely financial reconciliations for accounts receivable, payroll, and cash given the Authority's inability to obtain detailed reports from the general ledger. We found several of these key reconciliations included unreconciled amounts. We found four accounts receivable reconciliations with unreconciled variances; the largest unreconciled balance was over \$600,000 in February 2025.

We examined 31 bank reconciliations the Authority completed throughout 2024–25 and found 21 not prepared or reviewed timely (e.g., within seven weeks of month-end) during the year. Also, we identified unreconciled differences in four out of 14 bank reconciliations we tested at March 31, 2025. The unreconciled balance for these four reconciliations totalled about \$6 million. As of April 2025, the Authority was working to reconcile the differences and correct the financial records where necessary.

We also found two instances where payroll reconciliations and two instances where accounts receivable reconciliations during 2024–25 were not done timely.

Regular reconciliations check the accuracy and reliability of accounting records. Consistent preparation and review of sufficient reconciliations help to identify issues and allow for corrective action in a timely manner.

2. We recommend the Saskatchewan Health Authority prepare and review sufficient financial reconciliations.

4.3 Approved Timecards Lacking

The Saskatchewan Health Authority does not consistently maintain appropriately approved timecards for staff.

The Authority expects staff to complete manual timecards to help track and record hours worked. Approvals are required to help ensure compliance with labour laws, accurate payment for hours worked, and prevent payroll mistakes. Approved timecards are also necessary for the Authority to maintain accurate staff-leave balances (e.g., vacation, sick time) and to confirm overtime recorded by staff is appropriate.

Payroll is the Authority's largest expense amounting to over \$2.7 billion in 2024–25 (including over \$200 million related to overtime pay).

We tested 80 payroll transactions (for both in-scope and out-of-scope staff) and found:²

- 21 instances where the Authority was unable to provide timecards, including 16 instances where we were unable to verify approval of overtime recorded by staff
- Two instances where supervisors did not approve the timecards

Over 25% of the timecards we tested lacked appropriate approvals.

When the Authority implements the last remaining AIMS module (time validation and scheduling) in 2025–26, staff will complete and approve timecards directly within the system (i.e., electronically). This should create efficiencies and help the Authority keep better records of timecard approvals.

Timecard approval is an important step in managing employee attendance and making sure staff get paid accurately for time worked. It is one of the final checks to help ensure payroll calculations are based on accurate and approved time records.

² In-scope staff generally refers to those covered by a collective agreement with a union. Out-of-scope staff are those excluded from union membership and are often staff in management and supervisory positions.



3. We recommend the Saskatchewan Health Authority consistently maintain approved timecards to support payroll amounts.

4.4 IT Service Level Agreement Finalized

We recommended the Saskatchewan Health Authority sign an adequate service level agreement with eHealth Saskatchewan to enable monitoring of the quality and timeliness of eHealth’s provision of IT services. (2018 Report – Volume 2, p. 80, Recommendation 1; Public Accounts Committee agreement March 1, 2022)

Status—Implemented

In September 2024, the Saskatchewan Health Authority and eHealth Saskatchewan finalized the remaining key aspects of their master service level agreement for IT services.

The Authority moved the majority of its IT systems into eHealth’s data centre in 2017–18. It signed an interim operating agreement with eHealth in 2017. Both agencies signed the first version of a new master services agreement in May 2022 and the final version in September 2024.

Our review of the September 2024 agreement found it appropriately considered key aspects for the delivery of IT services, such as IT governance, disaster recovery, service levels (e.g., response times, system availability), security requirements, IT change management, payments and funding, regular reporting, and dispute resolution.

Disrupted IT availability can adversely impact the Authority’s ability to deliver healthcare services. Having an adequate service level agreement helps the Authority effectively monitor eHealth’s provision of IT services.

4.5 Lessons Learned Shared for AIMS Project

We recommended the Saskatchewan Health Authority document and share an overall lessons learned report for the AIMS project. (2023 Report – Volume 2, p. 54, Recommendation 1; Public Accounts Committee agreement January 22, 2025)

Status—Implemented

As the Saskatchewan Health Authority continued to work toward implementing its new system called AIMS, it shared lessons learned with other government agencies leading significant IT projects.

Underway since 2018, the Authority unsuccessfully attempted to implement AIMS (i.e., go live) in November 2022 having originally intended to launch by March 31, 2021.

During 2024–25, the Authority began implementing AIMS using a phased approach. It went live with the AIMS finance, human resources, and supply chain modules in June 2024. The Authority expected to go live with the last remaining AIMS module (time validation and scheduling) in 2025–26. By March 31, 2025, the Authority spent about \$237 million on AIMS and forecasted to spend about \$281 million in total to complete the project.

Following implementation of the first phase of AIMS, we found the Authority shared a lessons learned presentation in September 2024 with officials from other government agencies (e.g., Ministry of SaskBuilds and Procurement) leading the Enterprise Business Modernization Project (EBMP).³ Additionally, we found AIMS and EBMP project teams meet monthly to share relevant information about their IT projects. Examples of lessons learned shared by the AIMS project team included considerations about:

- Extent of system testing (e.g., end-to-end testing) before going live
- User training (e.g., timing, tailoring to address needs of different user groups, instructor-led versus self-guided)
- Go live preparation (e.g., reconciliation checks, considerations for additional staff resources)
- Cutover to the new system (e.g., quality of supplier data)
- Management of technical support once launched (e.g., dry run of support processes, call centre staffing in anticipation of surge in client support requests)
- Project management lessons learned (e.g., data quality review and sign-off, metrics to track)
- Technology management lessons learned (e.g., engage business stakeholders early from a change management perspective, conduct regular change readiness assessments)

Sharing lessons learned with other government agencies leading significant IT projects can help avoid system implementation failures on similar IT projects—removing potential impediments before they happen.

³ The Enterprise Business Modernization Project (EBMP) includes implementing an IT system intended for Government ministries to use when completing many administrative and financial processes such as procurement, payments, payroll, budgeting, and financial reporting. See **Chapter 14** for audit work done at SaskBuilds and Procurement related to IT project implementation including EBMP.

