



PROVINCIAL AUDITOR
of Saskatchewan

2018 Report - Volume 2

Report of the Provincial Auditor to the
Legislative Assembly of Saskatchewan





PROVINCIAL AUDITOR *of Saskatchewan*

Vision:

A valued and independent legislative audit office advancing excellence and inspiring confidence in public sector performance.

Mission:

We promote accountability and better management by providing Legislators and the public with an independent assessment of the government's use of public resources.

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December 11, 2018

The Honourable M. Docherty
Speaker of the Legislative Assembly
Room 129, Legislative Building
REGINA, Saskatchewan
S4S 0B3

Dear Sir:

I have the honour of submitting my *2018 Report – Volume 2*, to be laid before the Legislative Assembly in accordance with the provisions of section 14.1 of *The Provincial Auditor Act*.

Respectfully yours,

A handwritten signature in black ink that reads "Judy Ferguson".

Judy Ferguson, FCPA, FCA
Provincial Auditor

/mk



2018 Report - Volume 2



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Overview by the Provincial Auditor

1.0 REPORT OVERVIEW

This Report (Volume 2) includes the results of our examinations completed by October 30, 2018.

The Government prepared reliable Summary Financial Statements for the year ended March 31, 2018 using generally accepted accounting principles for the Canadian public sector. It has done so since 1992. In addition, the Government does a good job of providing information about its fiscal health.

Public Accounts 2017-18—Volume 1 contains more than the audited Summary Financial Statements. Its Financial Statement Discussion and Analysis section visually shows trends in key financial data and ratios, and briefly explains the numbers. This information can help legislators and the public assess and understand the government's fiscal health. The Office encourages legislators and the public to read it.

The Government of Saskatchewan is comprised of over 240 different agencies. In addition, it administers about 40 pension and benefit plans.

The Government of Saskatchewan and most of its agencies (ministries like Ministry of Justice and Attorney General; Crown agencies like Saskatchewan Health Authority; CIC Crown corporations and related agencies like SaskPower) have a March 31 year-end.

This Chapter provides an overview of each section of the Report (Volume 2)—annual integrated audits, performance audits, and follow-up audits.

Annual Integrated Audits

Integrated audits are annual audits of agencies that examine:

- The effectiveness of their financial-related controls 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 for those agencies that prepare them

Financial-related controls (financial rules and procedures) include processes to plan, evaluate, and coordinate the financial activities of an agency. Effective controls help agencies achieve their objectives, and sustain and improve performance.

This Report includes the results of annual integrated audits of almost 140 agencies with fiscal year ends ending between January to July 2018. **Appendix 1** lists each agency along with its year-end date, whether matters are reported, and, if so, in which report.

For the most part, agencies with year-ends between January to July 2018 had effective financial-related controls, and complied with related financial-related authorities. Those that prepared financial statements prepared reliable ones.¹ However, some exceptions exist.

¹ Ministries and a few funds and benefit plans do not prepare financial statements.



The **Annual Integrated Audits** Section of this Report highlights identified deficiencies in financial-related controls at 19 different agencies; the same number as in *our 2017 Report—Volume 2*. Unlike our *2017 Report—Volume 2*, many identified deficiencies in this Report are new.

This Section highlights several agencies not reviewing financial transactions and reports sufficiently. For example, both the Ministry of Government Relations' Northern Municipal Trust Account and Saskatchewan Liquor and Gaming Authority did not review their financial information in adequate detail or with sufficient attention. In both cases, financial information presented for audit contained significant errors. Other agencies with similar deficiencies include Executive Council, the Ministry of Social Services, and Carlton Trail College.

Financial-related controls are the foundation for good management. Busy administrative government staff must keep the importance of financial-related controls in mind when making choices about the use of their time.

Financial-related controls include techniques and ways agencies use to direct and monitor public resources, protect them against fraud, and prevent errors or mismanagement. They help keep financial records complete and accurate. They help ensure the best use of public resources.

This Section also reports various IT deficiencies; we have reported many of these for over a decade. The Office is concerned that the slow pace in addressing these deficiencies may indicate insufficient priority being placed on IT security.

For example, as part of the amalgamation of health authorities, the Saskatchewan Health Authority, as the Government directed, moved the bulk of its IT systems into eHealth Saskatchewan's data centre. The Office continues to have concerns with the completeness of eHealth's IT security policies and disaster recovery plan, and the consistency of its patching of IT systems.

At June 2018, eHealth and the Saskatchewan Health Authority did not have an adequate service-level agreement about IT services eHealth is to provide. Rather, they were still developing an IT plan. They expected the plan to set out IT governance practices, risk assessments, human resource plans, and technology and security requirements.

The Authority relies on IT to deliver and manage its healthcare services. Without a service agreement, the Authority does not have a way to monitor eHealth or hold it accountable.

Another example is some agencies continue not to promptly remove unneeded user access to IT systems, data and networks; and have out-of-date and untested disaster recovery plans.

In today's world, it is not a matter of whether government agencies will be hacked but rather when. Having up-to-date and tested disaster recovery plans helps them minimize disruption in services.

Physical access to government computers is not necessary to gain unauthorized access. Rather hackers are more sophisticated. They look for weak points in IT systems and networks like inactive user accounts. Unused accounts provide hackers with a way to quietly probe IT systems and networks. A search of social media (like LinkedIn) can reveal individuals who have left a government agency, and may provide detail to enable hackers to break an individual's password.

The Office is encouraged that the Public Service Commission is taking leadership in developing a cost-effective IT solution to accelerate the removal of unneeded user access in ministries. Unfortunately, this is not just a ministry problem. Having inactive user accounts longer than needed might lead to compromised government IT systems, data, and networks.

Performance Audits

Performance audits take a more in-depth look at processes related to management of public resources or compliance with legislative authorities. The Office conducts performance audits in accordance with assurance standards set by the Canadian Assurance Standards Board and published by CPA Canada.

Performance audits span a variety of topics and sectors of government. In selecting which areas to audit, the Office attempts to identify topics with the greatest financial, social, health, or environmental impact on Saskatchewan.

This Section of the Report includes the results of six performance audits. The following provides a brief overview of each.

Chapter 21: Carlton Trail College—Equipping the Board with Competencies to Govern

Carlton Trail College, one of seven Saskatchewan regional colleges, has a Cabinet-appointed board.

As of June 2018, Carlton Trail had only a few areas to improve to better equip its Board with the necessary competencies to govern. For example, it must decide how often to reassess desired and existing board competencies. It typically assessed governance practices three times a year instead of annually as good practice suggests. Assessments help identify gaps in competencies; but assessing too often may create inefficiencies and assessment fatigue.

Many government agencies use boards of directors to oversee and govern management.

For government agencies other than school divisions, Cabinet appoints members to boards. Members of school boards are elected.

Cabinet relies on individual agencies to help them identify members with appropriate competencies. It also expects individual agencies to fill the gaps if their board does not have the necessary collective set of competencies.

In addition, Carlton Trail needs guidance on making timely recommendations of potential board members to the Ministry of Advanced Education. It did not initiate its member recruitment process early enough to enable recommending potential members before the term of existing members expired.

Being aware of gaps in board competencies, and addressing them (such as through timely recruitment of new members) strengthens board governance. Boards possessing a collective set of key competencies can govern more effectively.

Chapter 22: Saskatchewan Arts Board—Awarding Grants Impartially and Transparently

Saskatchewan Arts Board is primarily funded through grants from the Ministry of Parks, Culture and Sport. The Arts Board uses these funds to award between \$6 million and \$8 million in grants to professional artists and arts organizations, and communities each year. It uses a jury of peers to decide to whom to award grants, and how much.



The Arts Board’s processes in place as of June 2018 to award grants were mostly good. However, it needs to improve a few areas to increase the transparency of its adjudication process, and better confirm the impartiality of its jurors.

For example, the Arts Board needs to tell potential grant applicants how its uses and selects peer evaluators for adjudicating unique genres of art. It also needs detailed written guidance on scoring grant applications. This would promote openness, and equitable and transparent scoring of applications.

In addition, to decrease the risk of disclosure of confidential information, the Arts Board should obtain signed agreements from peer evaluators before it gives them grant application packages.

Transparent and fair processes to award grants foster trust in the Arts Board from the public and arts community.

Chapter 23: Saskatchewan Health Authority—Analyzing Surgical Biopsies in Regina and Saskatoon Labs Efficiently

Health care professionals use results of surgical biopsies analysis to diagnose health problems patients face, and decide on treatment options.

Saskatchewan Health Authority needs to do much more to analyze surgical biopsies efficiently at its Regina and Saskatoon labs.

While both labs had well-defined surgical biopsy processes, their processes and practices varied resulting in differing processing times.

A **surgical biopsy procedure** (case) involves the surgical removal of tissue, often to determine whether a patient has cancer. The removed tissue can be divided into one or more **specimens**.

Saskatchewan Health Authority labs located in Saskatoon and Regina each analyze over 150,000 specimens, or about 45,000 cases, per year.

In addition, both labs took, on average, longer than good practice to issue diagnosis reports. In 2017-18, Saskatoon took an average of 12.1 days to provide a surgical biopsy diagnosis report; Regina took an average of 18.7 days. Good practice is five business days for routine biopsies, and 6 to 15 business days for complex ones like those for breast cancer.

At September 2018, the Regina and Saskatoon labs had about 1,300 biopsies awaiting examination.

Formal analysis of the surgical biopsy process is needed to identify factors inhibiting examining specimens and issuing diagnosis reports faster. As of July 2018, the Authority did not know the reasons for delays. Neither lab kept enough information to determine the key points that delay processing of a specimen. The Authority should also assess the cost-benefit of electronically tracking specimens through all stages of processing. Without such a system, analysis is labour intensive, and delays resulting from misplaced or misidentified specimens will continue.

Also, the Authority did not have an agreement with the Office of the Chief Coroner for forensic autopsy services each lab provides. It needs one. Labs prioritize processing biopsies for forensic autopsies over surgical biopsies. Not having an agreement creates confusion for prioritizing specimens and in turn, managing workloads.

Overall, the Authority needs a province-wide approach for prioritizing and issuing timely diagnosis reports for surgical biopsies. Not having a province-wide approach leads to some patients and healthcare providers having to wait longer for diagnosis than others, and delayed care for patients. Long wait times can cause stress for patients waiting for a diagnosis and treatment plans. Delayed treatment may result in reduced quality of life and/or the probability of survival for patients.

Chapter 24: Saskatchewan Health Authority—Preventing and Controlling Hospital-acquired Infections in the Regina General Hospital and Pasqua Hospital

Infections acquired in hospitals can extend a patient’s hospital stay and may lead to increased complications and costs for treatments. Hospital-acquired infections contribute to approximately one-third of unexpected in-hospital deaths.

For the most part, the Saskatchewan Health Authority had good processes to prevent and control hospital-acquired infections in its Regina hospitals (the Regina General and Pasqua), however, they were not always sufficiently followed. It needs to:

- Revise its approach for monitoring the compliance of staff and physicians with its hand-hygiene policies. Hand hygiene is one of the main ways to prevent and control infections.

Although it routinely monitored compliance with established policies including hand hygiene, its approach for monitoring hygiene practices did not give a reliable indication of compliance. In addition, its approach was not consistent with Ministry of Health guidelines.

Instead of using staff who work outside of patient-care units to observe hand-hygiene practices, Regina hospitals used staff who worked in the same unit. Instead of monitoring hand-hygiene practices when staff and physicians were unaware they were being observed (called blind audits), their practices were openly observed.

From September 2017 to June 2018, the average hand-hygiene compliance rates reported from openly-observed audits of the Regina hospitals fluctuated from 80% to 87%—consistently below their target rate of 100%. The results of the hospitals’ May 2017 blind audits reported significantly lower average compliance rates of 25% to 30%.

Regular blind hand-hygiene compliance audits by external observers would provide the Authority with more accurate information about its hand hygiene practices.

- Actively monitor actions taken by patient-care units with lower than acceptable hand hygiene compliance rates so those units take sufficient and timely action to improve hand-hygiene practices.

Patient-care units did not consistently take steps to reinforce and improve hand-hygiene practices as management expected. For example, about a quarter of the 15

A hospital-acquired infection is an infection that a patient acquires while in a hospital that was not present or incubating on admission.

Between 3% and 20% of hospitalized patients in Canada acquire an infection (like clostridium difficile {CDI}, methicillin-resistant staphylococcus aureus {MRSA}, and vancomycin-resistant enterococcus {VRE})

About 8,000 Canadians die annually from hospital-acquired infections.



patient-care units we observed did not post the results of their hand-hygiene audits on their visibility wall. Also, one-half of the eight patient-care units we tested did not develop corrective action plans when their compliance rates fell below target.

After amalgamation into the Authority, management of the Regina hospitals did not actively hold units with low compliance rates accountable for making improvements.

- Give formal periodic refresher training on infection prevention and control practices. Periodic training (beyond orientation for new staff) would reinforce the importance of strong infection prevention and control practices. This, in turn, can help reduce inappropriate practices that increase the risk of transmitting an infection to patients or staff.
- Provide senior management with regular analysis of emerging risks and causes based on trends of hospital-acquired infections. This would help the Authority improve the practices of hospitals and units therein with higher-than-normal rates of hospital-acquired infections.

The Regina hospitals also had various good practices for preventing and controlling infections. They had staff dedicated to preventing and controlling infections. Their policies and procedures aligned with national infection control standards. Also, isolation space in each Regina hospital met related international standards.

Preventing and controlling hospital-acquired infections protects hospital patients and staff.

Chapter 25: SaskPower—Maintaining Above-Ground Distribution Assets

SaskPower is the principal supplier of electricity in Saskatchewan. Saskatchewan residents and businesses depend on safe, reliable, cost-effective power to heat their homes and run their businesses.

SaskPower needs to improve its processes to maintain its above-ground assets used to distribute electricity, particularly in the following key areas.

It needs to take a risk-informed approach to maintaining these assets. This includes:

- Formally assessing risks associated with its maintenance strategies to determine the optimal type and timing of maintenance activities, including frequency of inspections. SaskPower did not use formal risk assessments to validate its broad maintenance strategies.
- For assets it plans to maintain, determining the condition to which it expects to maintain them. This would help it focus on assets with the highest risk of failure, or posing the greatest safety risks. Other than for wood poles, SaskPower had not determined the condition of its above-ground distribution assets.

SaskPower generates, transmits, and distributes power to nearly 533,000 customers over approximately 652,000 square kilometres each year.

SaskPower uses \$2.4 billion of assets to distribute electricity including above-ground distribution assets. SaskPower expects to spend about \$39 million maintaining existing distribution assets in 2018-19.

Above-ground distribution assets include over 1 million wood poles, over 100,000 poletop transformers, almost 90,000 km of power-line conductors, almost 3,800 overhead switches, about 1,200 voltage regulators and 2,500 reclosers, and over 1,000 capacitor banks.

On average, wood poles cost about \$50 per pole to maintain, and about \$2,500 per pole to replace.

- Consistently maintaining key information about its above-ground distribution assets (including up-to-date information about asset condition) to support evidence-based decision making about its maintenance planning, and monitoring activities

SaskPower did not have complete and consistent key data about all of its above-ground distribution assets. Data kept in different IT systems did not agree.

Other than wood poles, it did not inspect other above-ground distribution assets as often as it had planned. It completed less than two-thirds of its planned inspections. For example, it had never inspected 71% of its switches even though it had expected to inspect them every five years.

- Formally prioritizing maintenance to help use its maintenance resources wisely by scheduling maintenance at the right time; and formally determining the consequences of not maintaining assets as planned. Consequences could include increased risk of asset failure and safety incidents, unplanned power disruptions, or higher costs of repairing or replacing assets.

SaskPower did not complete almost one-half of its planned preventative maintenance of its above-ground distribution assets (other than wood poles). Using a contracted party, SaskPower maintained wood poles as planned.

In addition, staff often incorrectly recorded work orders for corrective maintenance as complete. They informally decided to defer maintenance as they felt SaskPower did not have sufficient resources to complete maintenance as expected. SaskPower did not document the basis of these decisions, or determine the consequences of not completing preventative maintenance for most of its above-ground distribution assets as planned.

- Keeping senior management regularly informed on the status of maintenance activities and the consequences of not completing maintenance as planned. This reporting would enable better monitoring of whether SaskPower did the right maintenance at the right time, and help SaskPower determine when best to replace assets.

As of April 2018, SaskPower was in the early stages of adopting a new corporate-wide asset management strategy of which maintenance was one aspect. Many of the areas identified for improvement align with the objectives of this strategy.

Chapter 26: Social Services—Investigating Allegations of Child Abuse and Neglect

Timely investigation of allegations of child abuse and neglect is critical to protect the safety of children.

While the Ministry had effective processes to investigate, within a reasonable timeframe, allegations of child abuse and neglect, these processes were not always followed. The Ministry needs to:

In 2017-18, the Ministry received about 15,300 reports of alleged child abuse and neglect. Over 6,000 of these reports resulted in investigations.

Child abuse and neglect refers to circumstances that may be harmful to a child's physical, emotional, or psychological health (e.g., physical abuse, sexual abuse). **Neglect** is also failing to provide a child with enough food, proper clothing, shelter, health care, or supervision.



- Undertake timely independent reviews of screening decisions when it decides not to investigate a reported child abuse and neglect allegation. This is particularly important when supervisors override screening decisions.

Timely independent reviews did not always occur as and when expected. Prompt reviews help the Ministry confirm that it has made appropriate and objective decisions, and took timely action to appropriately protect affected children.

- Complete safety and family risk assessments within required timeframes. Caseworkers must have face-to-face contact with children and families related to an allegation to assess safety risks. The Ministry varies allotted time to complete these assessments based on assessed risk; it requires faster responses for allegations posing higher risks. Caseworkers are to complete family risk assessments near the end of an investigation.

Caseworkers did not always attempt to have face-to-face contact or complete family risk assessments within the maximum timeframes. For example, for 2 of 15 investigations tested that required face-to-face contact within 5 days, contact was made 3 days and 16 days later than required. For 3 of 30 investigations tested, caseworkers completed family risk assessments later than the required 30 days—one incomplete assessment was 76 days late.

Timely safety assessments reduce the risk of a child remaining in an unsafe environment. Timely family risk assessments reduce the risk of the family not receiving ongoing child protection services when there is a high likelihood that the family will maltreat their child in the future.

- Finalize investigation decisions within required timeframes (45 days) to allow for timely supervisor review. Supervisors only review finalized investigations.

Although all of the completed investigations tested had appropriate final decisions, the investigations were not always completed within the required 45 days, and reasons for delays were not always documented. Our testing was consistent with the Ministry's monitoring data at June 2018. Ministry data showed 44% of investigations were not finalized within the required 45 days, of which 7% were open more than 180 days.

Not finalizing investigations delays supervisor reviews. Timely supervisor review results in timely ongoing child protection services to children and their families, when needed.

The Ministry has various good practices such as the following. The Ministry maintained up-to-date guidance and customized tools on how to screen and investigate allegations of reported child abuse and neglect. It electronically tracked and monitored key information about reports of allegations, and screening and investigation activities. Dedicated staff and contracted service providers screened and investigated allegations; these staff received assistance from others to handle heavy workloads.

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. We do the first follow-up either two or three years after our initial audit, and every two or three years thereafter until the recommendations are implemented or identified as no longer relevant. The Office conducts follow-up audits in accordance with assurance standards set by the Canadian Assurance Standards Board and published by CPA Canada.

The Office systematically assesses the status of outstanding audit recommendations to determine whether agencies have made recommended improvements. The pace of implementation of recommendations provides insight into the culture and attitude towards improving administration and management of public money.

This section of the Report includes the results of 22 follow-up audits. The table below summarizes the status of recommendations by agency grouped by initial and subsequent follow-ups.

The Office is pleased with the progress of most agencies in implementing recommendations. At the initial follow-up stage and on an overall basis, agencies implemented more than one-half of the recommendations, and have partially implemented almost one-third of the rest.

Only a couple are making progress slower than the Office anticipated.

- The **Ministry of Corrections and Policing** made little progress in implementing recommendations about rehabilitating adult inmates within its correctional centres. The Office first made these recommendations in 2008.

Correctional centre staff are not consistently completing assessments of inmate risks and needs within the required 28 days of admission into a centre. The Ministry does not have an effective means to monitor timely completion of these assessments.

In addition, inmates are not receiving rehabilitation consistent with their assessed needs. For almost one-quarter of the 30 files we tested, correctional centres did not provide inmates with programs based on assessed needs prior to their release into the community.

Inmates that do not receive relevant rehabilitation programming are at higher risk of re-offending.

- The **Ministry of Justice and Attorney General's** improvements for court-ordered or agreed-to maintenance support payments were not working as intended. Staff were not consistently using newly developed electronic reports to better monitor payers of maintenance support payments. As a result, the Ministry was not doing enough to reduce the risk of not taking appropriate maintenance enforcement actions, and to ensure it has accurate and up-to-date information about maintenance payers. The Office first raised these concerns in 2012.



We encourage these agencies to make implementing their outstanding recommendations a priority.

Chapter Name	Related Report ^{A,B}	Number of Recommendations Outstanding	Status of Recommendations			
			Implemented	Partially Implemented	Not Implemented	No longer Relevant
Initial Follow-Up Audits						
Ch. 27 - Advanced Education—Approving Capital Projects	2016 Report – V2	1	1			
Ch. 28 - Central Services—Web Application Security Requirements	2016 Report – V1	4	2	2		
Ch. 30 - Corrections and Policing—Planning for Inmate Capacity in Correctional Facilities	2016 Report – V2	6	3	1	2	
Ch. 31 - Environment—Preventing the Entry and Spread of Aquatic Invasive Species in Saskatchewan	2016 Report – V1	5	1	2	2	
Ch. 32 - Finance—Public Employees Benefits Agency—Securing Personal Information	2016 Report – V2	2	2			
Ch. 33 - Global Transportation Hub Authority—Acquiring Land from the Private Sector	2016 Special Report	2	2			
Ch. 34 - Gradworks Inc.—Achieving Intern Development Program Goals	2016 Report – V1	4				4 ^D
Ch. 35 - Highways and Infrastructure—Acquiring Land for the Regina Bypass	2016 Special Report	8	8			
Ch. 37 - Regina Roman Catholic Separate School Division No. 81—English as an Additional Language Programming	2016 Report – V2	4	1	1	1	1
Ch. 38 - Saskatchewan Cancer Agency—Delivering the Screening Program for Breast Cancer	2016 Report – V1	5	2	3		
Ch. 41 - Saskatchewan Legal Aid Commission—Providing Legal Aid Services	2016 Report – V1	5	1	4		
Ch. 42 - Saskatchewan Liquor and Gaming Authority—Managing Projects with Significant IT Components	2015 Report – V2	5	1	3	1	
Ch. 45 - SaskPower—Buying Power from Independent Power Producers	2015 Report – V1	5	5			
Ch. 47 - Social Services—Protecting Children-in-Care Information in the Linkin System	2016 Report – V1	4	3	1		
Ch. 48 - Western Development Museum—Removing Historical Artifacts Permanently	2016 Report – V2	8	4	3	1	
Initial Follow-Ups Subtotal		68	36	20	7	5
% of Initial Follow-Ups Subtotal			53%	30%	10%	7%
Subsequent Follow-Up Audits^C						
Ch. 29 - Corrections and Policing—Rehabilitating Adult Inmates	2008 Report – V1 2010 Report – V1 2011 Report – V2 2015 Report – V2	3		3		

Chapter Name	Related Report ^{A,B}	Number of Recommendations Outstanding	Status of Recommendations			
			Implemented	Partially Implemented	Not Implemented	No longer Relevant
Ch. 36 - Justice and Attorney General—Enforcing Maintenance Payments	2012 Report – V1 2014 Report – V1 2016 Report – V2	2		2		
Ch. 39 - Saskatchewan Health Authority (Sunrise)—Preventing and Controlling Infections in Long-Term Care Homes	2014 Report – V1 2016 Report – V1	4	4			
Ch. 40 - Saskatchewan Health Authority—Triaging Emergency Department Patients in Saskatoon Hospitals	2013 Report – V2 2016 Report – V1	5	2	3		
Ch. 43 - Saskatchewan Rivers School Division No. 119—Maintaining Facilities	2014 Report – V2 2016 Report – V2	4	4			
Ch. 44 - Saskatoon School Division No. 13—Procuring Goods and Services	2014 Report – V2 2016 Report – V2	5	4		1	
Ch. 46 - Social Services—Protecting Children in Care	2013 Report – V2 2016 Report – V1	5	4	1		
Subsequent Follow-Ups Subtotal		28	18	9	1	0
% of Subsequent Follow-Ups Subtotal			64%	32%	4%	0%
Overall Total		96	54	29	8	5
% of Overall Total			56%	30%	9%	5%

Source: Compiled by Provincial Auditor of Saskatchewan.

^A V – means Volume.

^B The related Report reflects the report in which: the Office first made the recommendation(s) (for initial follow-ups); and the Office last reported on the status of implementation of outstanding recommendations (for subsequent follow-ups).

^C For Subsequent Follow-Ups, the Number of Recommendations is the number of recommendations that remained not implemented after the previous follow-up audit.

^D Gradworks was dissolved prior to the Office doing its initial follow-up audit.

2.0 ACKNOWLEDGMENTS

The Office appreciates and thanks the staff and management of all government agencies along with their appointed auditors (if any) for the co-operation it received in the completion of the work included in this Report.

In addition, as Provincial Auditor, I thank the Provincial Auditor team for their diligence, commitment, and professionalism. Only through their hard work can we fulfill our mission—*We promote accountability and better management by providing Legislators and the public with an independent assessment of the government's use of public resources.*

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McNaughton, Jordan	Olanipekun, Faith	O'Quinn, Carolyn
Orban, Danielle	Pattullo, Candice	Pituley, Jonathan
Preston, Eric	Rau, Brent	Reimer, Dane
Robertson, Jennifer	Roy, Priyanka	Russell, Stephanie
Schwab, Victor	Scott, Doug	Shamrai, Alla
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St. John, Trevor	Sych, Larissa	Tahir, Rahat
Tamke, Loris	Thurmeier, Brandyn	Tomlin, Heather
Trivedi, Devanshi	Volk, Rosemarie	Wandy, Jason
Wellman, Evan	Yanyu, Melissa	Yee, Ken
Young, Kristen		

3.0 ABOUT THE OFFICE OF THE PROVINCIAL AUDITOR

Through *The Provincial Auditor Act*, the Provincial Auditor is responsible for auditing the Government of Saskatchewan, including all of its agencies. The Provincial Auditor, the Office, and its staff are independent of the Government.

The Office uses Canadian professional auditing standards published by CPA Canada to carry out its 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.

It provides legislators with two key accountability reports each year—its business and financial plan, and its annual report on operations. These include a description about the Office, including its purpose, accountability mechanisms, staffing, and key systems and practices. These reports are available on its website. For these reports and further detail about the Office of the Provincial Auditor, see www.auditor.sk.ca.



Annual Integrated Audits

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Chapter 1

Advanced Education

1.0 MAIN POINTS

This chapter reports the results of the 2017-18 annual audits of the Ministry of Advanced Education and its agencies. Advanced Education and its agencies had effective rules and procedures to safeguard public resources except Advanced Education needs to follow Canadian generally accepted accounting principles for the public sector to record, in its financial records, funding under the Strategic Investment Fund. Advanced Education and its agencies complied with the authorities governing its activities related to financial reporting and safeguarding public resources. The 2017-18 financial statements of each of the Ministry's agencies are reliable.

2.0 INTRODUCTION

Advanced Education is responsible for the post-secondary education system in Saskatchewan. The post-secondary education system develops a skilled and educated workforce for the Saskatchewan labour market. Advanced Education provides financial supports to students and graduates, as well as leadership and funding to post-secondary institutions.¹

2.1 Financial Overview

For the year ended March 31, 2018, Advanced Education reported expenses of \$735.8 million for its programs (see **Figure 1** for detail by major program), and revenues of \$9.9 million (including \$9.7 million from the Federal Government for cost-sharing programs). See **Section 4.1** for discussion of \$25.6 million understatement of recorded expenses and revenues.

Figure 1 – Expenses by Major Program

	Estimates 2017-18 ^A	Actual 2017-18
	(in millions)	
Central Management and Services	\$ 14.7	\$ 12.8
Post-Secondary Education	651.8	668.9
Student Supports	<u>48.7</u>	<u>53.9</u>
Total Appropriation	<u>\$ 716.2</u>	<u>\$ 735.6</u>
Capital Asset Acquisitions	-	-
Capital Asset Amortization	<u>0.2</u>	<u>0.2</u>
Total Expense	<u>\$ 716.4</u>	<u>\$ 735.8</u>

Source: Adapted from Ministry of Advanced Education, *Annual Report for 2017-18*, p. 25.

^A Advanced Education obtained additional funding through supplementary estimates of \$20 million.

¹ Ministry of Advanced Education, *Annual Report for 2017-18*, pp. 2-3.



Advanced Education's *Annual Report for 2017-18* provides further details and reasons for differences between planned and actual results.²

2.2 Special Purpose Funds and Agencies

We have reported the results of our audits of agencies in **blue font** in the chapter identified. This chapter reports the results of our audits of Advanced Education, and the remaining nine agencies.

Year-End	Agency
March 31	Saskatchewan Student Aid Fund
March 31	Training Completions Fund
June 30	Saskatchewan Polytechnic (We carried out this audit jointly with KPMG LLP)
June 30	Carlton Trail College (Chapter 2)
June 30	Cumberland College
June 30	Great Plains College
June 30	Northlands College
June 30	North West College
June 30	Parkland College
June 30	Southeast College

3.0 AUDIT CONCLUSIONS

Our Office worked with appointed auditors (see **Appendix 2** of this Report) to carry out the annual integrated audits of the regional colleges. We followed the framework in the *Report of the Task Force on Roles, Responsibilities and Duties of Auditors*.³

In our opinion, for the years ended on or before June 30, 2018:

- **Advanced Education and its agencies had effective rules and procedures to safeguard public resources except for the matter described in this chapter**
- **Advanced Education and its agencies complied with the following authorities governing their activities related to financial reporting, safeguarding public resources, revenue raising, spending, borrowing, and investing:**

² Ministry of Advanced Education, *Annual Report for 2017-18*, pp. 25-26.

³ See our website at www.auditor.sk.ca.

<i>The Executive Government Administration Act</i>	<i>The Post-Secondary Education and Skills Training Act</i>
<i>The Ministry of Advanced Education Regulations</i>	<i>The Education Act, 1995 (subsection 3(1))</i>
<i>The Graduate Retention Program Regulations</i>	<i>The Graduate Retention Program Act</i>
<i>The Public Service Act, 1998</i>	<i>The Non-profit Corporations Act, 1995</i>
<i>The Financial Administration Act, 1993</i>	<i>The Non-profit Corporations Regulations, 1997</i>
<i>The Saskatchewan Advantage Grant for Education Savings (SAGES) Act</i>	<i>The Student Assistance and Student Aid Fund Act, 1985</i>
<i>The Saskatchewan Advantage Grant for Education Savings (SAGES) Regulations</i>	<i>The Student Assistance and Student Aid Fund Regulations, 2001</i>
<i>The Degree Authorization Regulations</i>	<i>The Lender-financed Saskatchewan Student Loan Regulations</i>
<i>The Saskatchewan Polytechnic Act</i>	<i>The Saskatchewan Student Direct Loans Regulations</i>
<i>The Saskatchewan Polytechnic Regulations</i>	Saskatchewan Risk Sharing Student Loans Agreement
<i>The Regional Colleges Act</i>	Canada-Saskatchewan Integration Agreement
<i>The Regional Colleges Regulations</i>	The Regional Colleges Accounting and Reporting Manual
<i>The Regional Colleges Programs Designation Regulations</i>	The Financial Administration Manual
<i>The Regional Colleges Programs and Services Regulations</i>	Orders in Council issued pursuant to the above legislation
<i>The Income Tax Act, 2000 (Saskatchewan)</i>	

➤ **The financial statements of each agency are reliable**

We used standards for assurance engagements published in the *CPA Canada Handbook – Assurance* (including CSAE 3001) to conduct our audits. We used the control framework published by CPA Canada to make our judgments about the effectiveness of Advanced Education’s and its agencies’ 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.

The audit of the Ministry included evaluating and testing Advanced Education’s processes for administering grants (e.g., to post-secondary education institutions or students), recording revenues, tendering and awarding contracts, processing payroll, and purchasing goods and services. It also included assessing Advanced Education’s accounting treatment of transfers under the Government of Canada’s Strategic Investment Fund.

4.0 KEY FINDINGS AND RECOMMENDATIONS

4.1 Proper Recording of Transfers related to Strategic Investment Fund Needed

We recommended that the Ministry of Advanced Education follow Canadian generally accepted accounting principles for the public sector to record transfers in its financial records. (2017 Report – Volume 2; Public Accounts Committee agreement October 3, 2018)

Status – Not Implemented



Advanced Education inappropriately accounted for transfers related to the Federal Government's Post-Secondary Institutions Strategic Investment Fund.^{4,5} This is resulting in Advanced Education recording revenues and expenses (of the same amount) in the wrong fiscal years. In addition, it missed identifying contractual rights and contractual obligations related to post-secondary institutions.

In 2017-18, it understated both revenues and expenses by \$25.6 million (2016-17: overstated both revenues and expenses by \$40.7 million).^{6,7} Also, in 2017-18, it missed identifying 2018-19 contractual rights of \$15.1 million and contractual obligations of \$14.9 million (2016-17: missed \$40.4 million for contractual obligations).⁸

Starting in 2016-17, Advanced Education inappropriately recorded revenues under the three-year federal-provincial agreement and related expenses under its accountability agreements with post-secondary institutions. We found Advanced Education did not follow Canadian public sector accounting standards for recording these revenues and expenses. Canadian public sector accounting standards require agencies to recognize revenue and expenses related to government transfers only when they have met eligibility criteria and the transfer is authorized.

In our view, in 2016-17, it recorded revenues before it earned them, and expenses before it was liable to pay them. We found that Advanced Education had not met eligibility under the federal-provincial agreement for the full amount it had recorded, and the Federal Government had not authorized that amount.

We determined that, in 2017-18, Advanced Education earned \$25.6 million of the amount it had recorded as revenues in the prior year, and was liable to pay \$25.6 million of the amount it had recorded as expense in the prior year.

Inconsistent application of Canadian public sector accounting standards can impact the relevance and reliability of financial reports, and can decrease the public's confidence in the accuracy of the government's financial reports. This also affects management's ability to accurately track its future obligations and related revenue sources.

4.2 Adequate Disaster Recovery Agreement in Place

We recommended that the Ministry of Advanced Education sign an adequate agreement on disaster recovery of computer systems and data with the Ministry of Central Services. (2008 Report – Volume 3; Public Accounts

Committee agreement December 9, 2008)

Status – Implemented

⁴ This Federal Government program called the Post-Secondary Institutions Strategic Investment Fund provides federal funding for infrastructure projects at post-secondary institutions to enhance and modernize research and commercialization facilities, as well as industry-relevant training facilities at colleges and polytechnic institutions in Canada. www.ic.gc.ca/eic/site/051.nsf/eng/home (23 October 2018).

⁵ In 2016-17, Advanced Education signed a three-year agreement with the Federal Government to receive \$65.8 million under the Strategic Investment Fund. Advanced Education subsequently signed parallel accountability agreements with certain post-secondary institutions to provide funds received from the Federal Government under this Fund to those institutions for specific capital projects.

⁶ 2017 Report—Volume 2, Chapter 1, p. 17.

⁷ These errors had no impact on the accuracy of the Government of Saskatchewan's Summary Financial Statements' annual deficit or net debt.

⁸ On April 1, 2017, the Government adopted PS 3380 *Contractual Rights*, a new standard defining and establishing guidance on disclosure requirements for contractual rights.

During 2017-18, Advanced Education signed an adequate agreement with the Ministry of Central Services for disaster recovery related to the One Client Service Model system.

The One Client Service Model system delivers key post-secondary services of Advanced Education, certain post-secondary institutions, and the Ministry of Immigration and Career Training. Services include student financial assistance, training programs, registration services, and employment-related counselling. This system contains sensitive financial information about post-secondary students and their relatives (e.g., banking information, tax and other income information, social insurance numbers, birth dates).

Advanced Education uses Central Services to host its IT systems and data. Some of these systems are key to the Ministry's operations and include sensitive information like the One Client Service Model System.⁹ Also, Central Services provides Advanced Education with computers and IT network access.

Effective February 15, 2018, Advanced Education amended its Memorandum of Understanding with Central Services to require Central Services to provide disaster recovery services related to the One Client Service Model system. The amended Memorandum includes a schedule that outlines the roles and responsibilities of Advanced Education, Central Services, and the disaster recovery service provider.

In turn, Central Services contracted with a third party to deliver these disaster recovery services. The disaster recovery service provider completed a successful test of the disaster recovery plan in May 2018.

⁹ During 2016-17, Advanced Education updated the One Client Service Model application hardware and software. At March 31, 2018, the system was vendor supported, which means that the vendor will provide technical support and updates to fix known security problems or vulnerabilities.

Chapter 2

Carlton Trail College

1.0 MAIN POINTS

Carlton Trail College had effective rules and procedures to safeguard public resources other than it did not require staff to independently review and approve journal entries. Lack of independent review and approval increases the risk of unauthorized or inaccurate entries made into the accounting records, which could result in decision makers using inaccurate financial information.

In 2017-18, Carlton Trail had reliable financial statements. It also complied with the authorities governing its activities related to financial reporting and safeguarding public resources.

2.0 INTRODUCTION

Carlton Trail, one of Saskatchewan's seven regional colleges, operates in the area around Humboldt, Southey, Watrous, and Wynyard. Carlton Trail educates about 2,300 students each year in over 30 communities.¹ The College offers adult basic education classes, skills training (e.g., practical nursing, security officer), and access to online university credit classes.

As shown in **Figure 1**, in 2017-18, the College had revenues of \$6.8 million and expenses of \$6.4 million.

Figure 1 – Financial Overview

	Budget 2017-18	Actual 2017-18
	(in millions)	
Provincial Government	\$ 4.8	\$ 5.0
Federal Government	0.6	0.2
Other revenue	1.9	1.6
Total Revenues	\$ 7.3	\$ 6.8
General	2.8	2.8
Skills training	2.4	2.0
Basic education	1.4	1.3
Services	0.8	0.2
Scholarships	0.1	0.1
Total Expenses	\$ 7.5	\$ 6.4
Annual Surplus (Deficit)	\$ (0.2)	\$ 0.4

Source: Carlton Trail College audited financial statements for the year ended June 30, 2018.

¹ Carlton Trail College, *Annual Report 2016-17*, p. 15.



3.0 AUDIT CONCLUSIONS

Our Office worked with Cogent Chartered Professional Accountants LLP, the appointed auditor, to carry out the audit of Carlton Trail College. We followed the framework in the *Report of the Task Force on Roles, Responsibilities and Duties of Auditors*.²

In our opinion, for the year ended June 30, 2018:

- **Carlton Trail College had effective rules and procedures to safeguard public resources except for the matter described in this chapter**
- **Carlton Trail College complied with the following authorities governing its activities related to financial reporting, safeguarding public resources, revenue raising, spending, borrowing, and investing:**

The Regional Colleges Act
The Regional Colleges Regulations
The Regional Colleges Program Designation Regulations
The Regional Colleges Programs and Services Regulations, 1997
The Financial Administration Act, 1993

The Income Tax Act, 2000 (Saskatchewan)
The Executive Government Administration Act
Orders in Council issued pursuant to the above legislation
The Financial Administration Manual
The Regional Colleges Accounting and Reporting Manual

- **Carlton Trail College had reliable financial statements**

We used standards for assurance engagements published in the *CPA Canada Handbook – Assurance* (including CSAE 3001) to conduct our audit. We used the control framework published by CPA Canada to make our judgments about the effectiveness of Carlton Trail’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.

We examined the effectiveness of Carlton Trail’s processes for preparing and processing payroll, and paying for and receiving goods and services. We also examined the effectiveness of the controls used to safeguard financial-related IT systems and data.

4.0 KEY FINDING AND RECOMMENDATION

Carlton Trail did not require staff to independently review and approve journal entries.

Five staff (e.g., accounting clerks, Vice-President of Finance) had access to make journal entries in the accounting system. The College’s accounting system did not segregate access for preparation and approval of journal entries. Audit testing identified that all five staff made journal entries without independent review and approval.

Carlton Trail did not have a policy requiring its staff to independently review and approve journal entries. Lack of independent review and approval increases the risk of unauthorized or inaccurate entries to the accounting records resulting in errors in Carlton Trail’s financial information.

- 1. We recommend that Carlton Trail College require staff to independently review and approve journal entries.**

² See our website at www.auditor.sk.ca.

Chapter 3 eHealth Saskatchewan

1.0 MAIN POINTS

Other than in the following areas, eHealth Saskatchewan had effective rules and procedures to safeguard public resources. eHealth Saskatchewan needs an adequate service-level agreement for the IT services it provides to the Saskatchewan Health Authority.

Also, eHealth Saskatchewan needs to continue to work towards having an approved and tested IT disaster recovery plan. Without tested systems, eHealth Saskatchewan may not be able to restore critical systems in the event of a disaster. The health sector relies on these systems to deliver and pay for health services in Saskatchewan.

eHealth Saskatchewan's 2017-18 financial statements were reliable. In addition, eHealth Saskatchewan complied with the authorities governing its activities related to financial reporting, safeguarding public resources, revenue raising, spending, borrowing and investing.

2.0 INTRODUCTION

The mandate of eHealth Saskatchewan is to procure, implement, own, operate, and manage the Saskatchewan Electronic Health Record and where appropriate, other health IT systems.^{1,2}

eHealth Saskatchewan provides the Ministry of Health and the newly formed Saskatchewan Health Authority (made up of the 12 former regional health authorities) with certain critical IT services, and operates a data centre. eHealth Saskatchewan is the Saskatchewan health sector's primary disaster recovery provider for IT services.

In addition, eHealth manages Saskatchewan's vital statistics registry and health registrations.^{3,4}

2.1 Financial Overview

Figure 1 – Revenues and Expenses by Major Type

	Budget 2017-18	Actual 2017-18
	(in millions)	
Grant from the Ministry of Health	\$ 78.0	\$ 77.8
Other Revenues	22.2	19.7

¹ An electronic health record is a private, lifetime record of an individual's medical information, providing health care professionals with immediate access to a patient's test results, past treatments, and medication.

² Order in Council 734/2010 issued under *The Crown Corporations Act, 1993*.

³ The vital statistics registry registers all births, marriages, deaths, stillbirths, legal name changes, and changes of sex designation that occur in Saskatchewan.

⁴ Health registrations register new Saskatchewan residents for provincial health coverage and maintain the registry of residents who are eligible for benefits. eHealth Saskatchewan issues health services cards to residents approved for Saskatchewan basic health coverage.



	Budget 2017-18	Actual 2017-18
Total Revenue	<u>100.2</u>	<u>97.5</u>
Operational and Other Expenses	94.8	82.8
Amortization	<u>19.0</u>	<u>13.0</u>
Total Expense	<u>113.8</u>	<u>95.8</u>
Annual Surplus/(Deficit)	<u>\$ (13.6)</u>	<u>\$ 1.7</u>

Source: eHealth Saskatchewan 2017-18 financial statements.

3.0 AUDIT CONCLUSIONS

In our opinion, for the year ended March 31, 2018:

- **eHealth Saskatchewan had effective rules and procedures to safeguard public resources except for the matters described in this chapter**
- **eHealth Saskatchewan complied with the following authorities governing its activities related to financial reporting, safeguarding public resources, revenue raising, spending, borrowing, and investing:**

eHealth Saskatchewan's governing Orders in Council
The Crown Corporations Act, 1993
The Financial Administration Act, 1993
The Executive Government Administration Act
The Vital Statistics Act, 2009
 Regulations and Orders in Council issued pursuant to the above legislation

- **eHealth Saskatchewan had reliable financial statements**

We used standards for assurance engagements published in the *CPA Canada Handbook – Assurance* (including CSAE 3001) to conduct our audit. We used the control framework published by CPA Canada to make our judgments about the effectiveness of eHealth Saskatchewan'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.

We focused our audit efforts on the adequacy of user access, change management, and recovery processes for key financial IT applications; and the accuracy and reasonableness of significant estimates including accrued vacation liabilities and amortization.

4.0 KEY FINDINGS AND RECOMMENDATIONS

4.1 Adequate Service-Level Agreement Needed

eHealth Saskatchewan does not have an adequate service-level agreement with the Saskatchewan Health Authority for the IT services it provides.

IT is an integral part of delivering and managing healthcare services (e.g., lab systems).

As of January 2017, the Minister of Health directed eHealth Saskatchewan to consolidate, into a single service, IT services that the Saskatchewan Health Authority, Saskatchewan Cancer Agency, and 3sHealth previously provided. Consequently, during 2017-18, the Authority moved the majority of its IT systems into eHealth Saskatchewan's data centre. The Authority expects to migrate its remaining IT systems into eHealth Saskatchewan in 2018-19 (e.g., IT systems at the former Regina Qu'Appelle Regional Health Authority).

On December 4, 2017, the Authority signed an interim operating agreement with eHealth Saskatchewan that was in effect for the period up to June 4, 2018. The agreement included an expectation to develop jointly an interim-period plan. This plan was to detail the IT services eHealth is to provide to the Authority along with IT governance processes, risk assessments, human resource plans, and technology and security plans. As of June 2018, this plan was not complete and remained under development.

Adequate service-level agreements make it clear what type of service must be provided, when, and at what cost. They outline in detail:

- Services to be provided (e.g., help desk services, server maintenance, frequency of applying patches)
- Service availability requirements (e.g., the percentage of time networks will be available)
- Service delivery targets (e.g., timeframes for creating and removing user accounts)
- Security and disaster recovery services
- Incident management processes (e.g., in the event of a data security breach)

Without an adequate service-level agreement, there is a risk that eHealth Saskatchewan is not meeting the Authority's IT service needs.

1. **We recommend that eHealth Saskatchewan sign an adequate service-level agreement with the Saskatchewan Health Authority.**

4.2 Disaster Recovery Plan Testing Not Complete

We recommended that eHealth Saskatchewan have an approved and tested disaster recovery plan for systems and data. (2007 Report – Volume 3; Public Accounts Committee agreement January 8, 2008)

Status – Partially Implemented

As of March 31, 2018, while eHealth Saskatchewan had completed its business continuity plan (which encompasses its IT disaster recovery plan), it had not completed detailed disaster recovery plans nor conducted testing of those plans for its critical IT systems. It has identified that it has 39 critical IT systems.

During 2017-18, eHealth Saskatchewan did not make progress on completing any additional detailed recovery plans nor testing them. In 2016-17, eHealth Saskatchewan created detailed disaster recovery plans for 4 of its 39 critical IT systems.



As of March 31, 2018, eHealth Saskatchewan had identified the need to hire a Business Continuity Plan and Disaster Recovery Co-ordinator. The co-ordinator's job will be to complete and test the detailed recovery plans developed for eHealth Saskatchewan and its clients.

Without tested plans, eHealth Saskatchewan, the Ministry of Health, and the Saskatchewan Health Authority may not be able to restore their critical IT systems and data (such as the Personal Health Registration System, Provincial Lab Systems) in the event of a disaster. These entities rely on the availability of those systems to deliver and pay for health services.

Chapter 4

Executive Council

1.0 MAIN POINTS

During 2017-18, Executive Council had effective rules and procedures to safeguard public resources and it complied with authorities governing its activities other than in the following areas.

Executive Council did not sufficiently review its periodic financial reports resulting in a significant error in its financial records. Not detecting and correcting errors in financial records within a reasonable time may result in management making decisions based on inaccurate financial information.

In addition, Cabinet set remuneration rates for legislative secretaries inconsistent with Board of Internal Economy directives. *The Legislative Assembly Act, 2007* gives the Board of Internal Economy clear authority to set remuneration rates of legislative secretaries through directives, and the Board has done so. Executive Council needs to work with the Board to make sure remuneration rates align with the Board's approved rates. Not operating within laws and directives increases the risk of decreasing public confidence in government.

2.0 INTRODUCTION

Executive Council provides administrative support to the Premier, Cabinet, and Cabinet committees.¹ It also develops and advances the Government's plan for Saskatchewan, and manages implementation of the plan across government.

Its other functions include co-ordinating government business in the Legislative Assembly; maintaining all Cabinet documents, Orders in Council, and regulations on behalf of the Government of Saskatchewan; providing strategic direction in communications throughout government; administering policies on communications procurement, visual identity, and online development; and operating the Government's web, mobile, and social presence.²

2.1 Financial Overview

Executive Council spent about \$14.7 million in 2017-18. Details of its programs and services are available on its website.³ Details of its spending are available in *Public Accounts – Volume 2*.⁴ Executive Council does not prepare and table an annual report.

¹ *The Executive Government Administration Act* (section 25) establishes Executive Council.

² www.saskatchewan.ca/government/government-structure/executive-council-and-office-of-the-premier (14 August 2018).

³ *Ibid.*

⁴ www.publications.gov.sk.ca/deplst.cfm?d=15&c=5826 (14 August 2018).

**Figure 1 – Financial Results for 2017-18 by Program**

	Estimates 2017-18	Actual 2017-18
	(in thousands)	
Central Management and Services	\$ 5,648	\$ 5,959
Premier's Office	479	440
Cabinet Planning	1,107	943
Cabinet Secretariat	451	487
Communications Office	1,319	1,149
House Business and Research	255	275
Members of the Executive Council	133	133
Intergovernmental Affairs	4,243	3,959
Francophone Affairs	690	650
Lieutenant Governor's Office	<u>707</u>	<u>698</u>
Total Expense	<u>\$ 15,032</u>	<u>\$ 14,693</u>

Source: Saskatchewan Provincial Budget 17-18 Estimates (vote 10); Executive Council 2017-18 financial records.

3.0 AUDIT CONCLUSIONS

In our opinion, for the year ended March 31, 2018:

- **Executive Council had effective rules and procedures to safeguard public resources except for the matter described in this chapter**
- **Executive Council 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:**

The Executive Government Administration Act
The Government Organization Exemption Regulations
The Members of the Executive Council Expense Regulations, 1988
The Financial Administration Act, 1993
The Provincial Secretary's Act (clause 3(d.1))
 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) to conduct our audit. We used the control framework published by CPA Canada to make our judgments about the effectiveness of Executive Council'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.

We examined the effectiveness of Executive Council's controls to keep reliable financial records and prepare reliable financial reports. This included examining its financial-related

controls used to administer its spending, including processes used to process travel and business expense claims and to make accurate, public semi-annual reports on ministerial travel expenses.

4.0 KEY FINDINGS AND RECOMMENDATIONS

4.1 More Detailed Review of Financial Reports Needed

During 2017-18, Executive Council did not sufficiently review its periodic financial reports resulting in a significant error in its financial records.

During the audit, Executive Council did not identify, during review of its quarterly revenue forecasts, that it missed recording in its financial records a federal grant of \$760,000. Staff responsible for reviewing the quarterly revenue forecasts were not aware of the receipt of this grant.⁵

Management indicated it had undergone personnel changes during 2017-18 and it plans to implement new processes for reviewing periodic financial reports in 2018-19.

Appropriate review of financial reports includes considering whether all transactions are recorded correctly (right amount in the correct account), and are reasonable (valid and appropriate financial transactions). Not reviewing financial reports in adequate detail or with sufficient attention increases the risk of errors occurring and going undetected. In addition, not detecting and correcting errors in financial records within a reasonable time may result in management making decisions based on inaccurate financial information.

1. We recommend that Executive Council review, in detail, its periodic financial reports.

4.2 Remuneration Rates for Legislative Secretaries Inconsistent with Board of Internal Economy Approved Rates

During 2017-18, Cabinet, through Orders in Council, set remuneration rates of legislative secretaries without clear legislated authority to do so. Its rates differ from rates that the Board of Internal Economy has approved in its directives.⁶

While *The Executive Government Administration Act* gives the Lieutenant Governor in Council (Cabinet) clear authority to appoint Members of the Legislative Assembly as legislative secretaries with or without remuneration, it does not explicitly give Cabinet the authority to set the remuneration rate of legislative secretaries.⁷ Rather *The Legislative Assembly Act, 2007* gives the Board of Internal Economy clear authority to set remuneration rates of legislative secretaries through directives, and the Board has done so.

⁵ Under the Canada-Saskatchewan Agreement on French-Language Services, the federal Minister of Canadian Heritage provides Executive Council with a grant to support planning and delivery of French-language services in Saskatchewan.

⁶ The Board of Internal Economy is comprised of the Speaker of the Legislative Assembly (Chair), two Cabinet ministers, two government private members, and two opposition members.

⁷ *The Executive Government Administration Act*, section 7(1).



The Board directed, under *The Legislative Assembly Act, 2007*, that legislative secretaries be paid an annual allowance of \$14,311.⁸ Contrary to this directive, Cabinet, through various Orders in Council issued in May 2018 under *The Executive Government Administration Act*, appointed various legislative secretaries with remuneration rates of \$3,000 per year.^{9,10}

While Executive Council is aware of the differing rates, we did not see evidence of it working with the Board to make sure rates align with Board-approved remuneration rates for legislative secretaries (e.g., it did not ask the Board to reconsider its approved rates). Under *The Legislative Assembly Act, 2007*, Cabinet appoints the Speaker of the Legislative Assembly and nominates members as members of the Board.¹¹ The Board consists of the Speaker, two Executive Council-nominated Cabinet members, two government caucus-nominated members, and two opposition caucus-nominated members.

Laws and directives set standards and controls to govern actions. Not operating within those parameters or taking steps to always do so increases the risk of decreasing public confidence in government.

2. We recommend that Executive Council work with the Board of Internal Economy to remunerate legislative secretaries at rates consistent with Board of Internal Economy approved rates.

⁸ Annual allowance is set in Board of Internal Economy Directive #21—Annual Indemnity and Allowances issued under section 62 of *The Legislative Assembly Act, 2007*. Directives are available at www.legassembly.sk.ca/mlas/board-of-internal-economy/directives/d21 (14 August 2018).

⁹ Orders in Council 239-2018, 240-2018, 241-2018, 242-2018, 243-2018, 244-2018, 245-2018, 246-2018, 247-2018, 248-2018, 249-2018, 250-2018.

¹⁰ Executive Council pays Cabinet-appointed legislative secretaries using the amounts set in Orders in Council. Legislative secretaries agreed to forego the amount set by the Board of Internal Economy and accept a lesser amount.

¹¹ *The Executive Government Administration Act*, section 67.

Chapter 5

Finance

1.0 MAIN POINTS

The Ministry of Finance and six of its agencies with March 31 year-ends had effective rules and procedures to safeguard public resources except for the matters related to the Ministry as noted in this chapter and in Chapter 6 for the Public Employees Benefits Agency.

Finance administers resource surcharge revenues. In order to ensure it records these revenues in the proper period, Finance needs to continue developing and implementing models to estimate these revenues reliably.

In addition, to better protect its IT systems and data, Finance needs to:

- Perform regular reviews of its user accounts for its key tax revenue IT system
- Follow its processes to promptly remove unneeded user access to its IT systems and data
- Confirm with one of its IT service providers the expected frequency of disaster recovery testing of Finance's systems and sharing the results of such tests with Finance

We found that Finance provided sufficient public information on the performance of its sinking fund investments. In addition, to facilitate consistent public reporting of losses of public money, Finance amended its directive regarding public reporting of those losses for ministries and Treasury Board Crown Corporations. It communicated its revised directive to other agencies responsible for public reporting of losses (e.g., Ministry of Education).

Finance and six of its agencies with March 31 year-ends complied with financial-related authorities. The six agencies' March 31, 2018 financial statements were reliable.

2.0 INTRODUCTION

2.1 Background

The Ministry of Finance is responsible for oversight of government revenue, expenditures, assets and liabilities. Finance is the lead ministry for fiscal policy; budget development and integrity; managing provincial debt; designing and administering fair, efficient, and competitive tax regimes; pension and benefit administration; labour relations advice to government; ensuring accountability to both the public and the Legislative Assembly for the use of public funds; and ensuring effective financial management and accounting policies and procedures.¹

¹ www.publications.gov.sk.ca/documents/15/107681-2017-18FinanceAnnualReport.pdf (5 September 2018).



2.2 Special Purpose Funds and Agencies

Finance administers and is responsible for the following special purpose funds and agencies (agencies). Each of the agencies (except for the General Revenue Fund) listed in **Figure 1** provides the Legislative Assembly with audited financial statements; some also provide an annual report.²

Figure 1—Agency Groups by Fiscal Year-End

Agencies with March 31 Year-End	
General Revenue Fund (GRF) ^A	Public Employees Benefits Agency Revolving Fund
Judges of the Provincial Court Superannuation Plan	Public Service Superannuation Plan
Public Employees' Pension Plan	Water Security Agency Retirement Allowance Plan
Saskatchewan Pension Annuity Fund	
Agencies with December 31 Year-End ^B	
Extended Health Care Plan	Extended Health Care Plan for Certain Other Employees
Extended Health Care Plan for Certain Other Retired Employees	Extended Health Care Plan for Retired Employees
Municipal Employees' Pension Commission	Municipal Financing Corporation of Saskatchewan
Public Employees Deferred Salary Leave Fund	Public Employees Dental Fund
Public Employees Disability Income Fund	Public Employees Group Life Insurance Fund
Saskatchewan Government Insurance Service Recognition Plan	Saskatchewan Pension Plan
Saskatchewan Power Corporation Designated Employee Benefit Plan	Saskatchewan Power Corporation Severance Pay Credits Plan
Saskatchewan Water Corporation Retirement Allowance Plan	SaskEnergy Retiring Allowance Plan
SaskPower Supplementary Superannuation Plan	

^A The General Revenue Fund is comprised of all ministries of the Government. It is the fund into which all revenues are paid, unless otherwise provided for by law, and from which the Legislative Assembly appropriates all expenses.

^B Our 2018 Report - Volume 1 includes the audit results for these agencies for the year ended December 31, 2017.

2.3 Financial Overview

In 2018, Finance managed gross public debt of \$19.1 billion (2017: \$17.2 billion) and investments in sinking funds of \$2.0 billion (2017: \$1.8 billion).^{3,4} Also as shown in **Figure 2**, for the year ended March 31, 2018, Finance administered revenues of \$8.9 billion (2017: \$8.9 billion) including taxation revenues of \$6.0 billion, transfers from government entities (e.g., Saskatchewan Liquor and Gaming Authority) of \$0.7 billion, and transfers from the Federal Government of \$1.6 billion.

² The General Revenue Fund does not prepare financial statements and is not legally required to do so. The financial results of the General Revenue Fund are included in the Government's Summary Financial Statements.

³ Gross public debt is borrowings through the issuance of debt instruments such as promissory notes and debentures. Investments in sinking funds are investments set aside for the repayment of debt.

⁴ Ministry of Finance records and Government of Saskatchewan Summary Financial Statements – *Public Accounts 2017-18 Volume 1*, Schedule 8, p. 67.

Figure 2—Revenue by Major Type

	Estimates 2017-18	Actual 2017-18
	(in millions)	
Taxation	\$ 6,524.2	\$ 6,036.8
Non-renewable resources – resource surcharge	272.5	317.0
Transfers from government entities	726.8	709.9
Other own-source revenue	296.7	258.6
Transfers from the Federal Government	<u>1,593.3</u>	<u>1,623.2</u>
Total Revenue	<u>\$ 9,413.5</u>	<u>\$ 8,945.5</u>

Source: Ministry of Finance financial records.

As shown in **Figures 3** and **4**, in 2017-18, Finance had expenses of \$0.7 billion (2017: \$0.6 billion) including \$0.3 billion for public service pension and benefits (e.g., for members of the Public Service Superannuation Plan) and \$0.4 billion for interest costs related to servicing debt.

Figure 3—Actual Expenses by Major Program

	Estimates 2017-18	Actual 2017-18
	(in millions)	
Public service pension and benefits ^A	\$ 303.2	\$ 291.0
Revenue division	31.1	27.0
Provincial comptroller	10.8	9.1
Central management and services	7.1	7.4
Budget analysis	6.3	5.7
Research and development tax credit	5.0	5.0
Treasury management	1.6	1.5
Personnel policy secretariat	0.5	0.4
Miscellaneous	<u>0.1</u>	<u>0.1</u>
Total Appropriation – Vote 18	<u>\$ 365.7</u>	<u>\$ 347.2</u>
Capital asset acquisitions	(12.2)	(9.8)
Amortization of capital assets	<u>1.0</u>	<u>0.9</u>
Total Expense – Vote 18	<u>\$ 354.5</u>	<u>\$ 338.3</u>
Debt servicing appropriation and expense – vote 12	<u>366.4</u>	<u>356.4</u>
Total Expense	<u>\$ 720.9</u>	<u>\$ 694.7</u>

Source: *Saskatchewan Provincial Budget 17-18 Estimates* (votes 12 and 18); *Ministry of Finance Annual Report for 2017-18*; Ministry of Finance 2017-18 financial records.

^A Finance determines the estimated and actual expenses for public service pension and benefits using the cash basis of accounting instead of the accrual basis. For 2017-18, the audited Summary Financial Statements account for these costs on an accrual basis, and include a decrease in pension and benefits costs for defined pension and benefit plans sponsored by the Ministry of Finance of \$178.1 million.

**Figure 4—Actual Expenses by Object**

	Estimates 2017-18	Actual 2017-18
	(in millions)	
Salaries and benefits (includes pensions)	\$ 330.5	\$ 315.3
Operating Transfers	5.0	5.0
Goods and services	18.0	16.2
Debt servicing	366.4	356.4
Other	0.0	0.9
Capital asset amortization	1.0	0.9
Total Expense	\$ 720.9	\$ 694.7

Source: Saskatchewan Provincial Budget 17-18 Estimates (votes 12 and 18); Ministry of Finance 2017-18 financial records.

Finance's annual report explains significant differences between actual and estimated expenses.⁵

3.0 AUDIT CONCLUSIONS

In our opinion, for the year ended March 31, 2018:

- **Finance and its agencies had effective rules and procedures to safeguard public resources except for the matters included in this chapter**
- **Finance and its agencies complied with the authorities set out in Section 5.0 governing their activities related to financial reporting, safeguarding public resources, revenue raising, spending, borrowing, and investing.**

In addition, in Chapter 6 – *Finance—Public Employees Benefits Agency*, we report a matter identified during our audits of certain pension and benefit plans that the Agency administers.

We used standards for assurance engagements published in the *CPA Canada Handbook – Assurance* (including CSAE 3001) to conduct our audits. We used the control framework published by CPA Canada to make our judgments about the effectiveness of Finance'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.

We examined the effectiveness of Finance's financial-related controls used to administer the revenue listed in **Figure 2** and expenses listed in **Figures 3** and **4**, to keep reliable financial records, and to prepare reliable financial reports. This included the following.

With respect to its estimates of income tax and resource surcharge revenues, we assessed Finance's processes to assess, estimate, collect, and record these revenues. With respect to its administration of the General Revenue Fund's cash, debt, and investments (including investments in sinking funds), we assessed its processes to record and manage cash (including its bank reconciliation procedures, and the opening and

⁵ <http://publications.gov.sk.ca/documents/15/107681-2017-18FinanceAnnualReport.pdf> (5 September 2018).

closing of bank accounts), buy and sell investments, and obtain and repay debt. Also, because Finance relies on its computer systems to manage its operations, we assessed its controls over key IT service providers, security, change management processes, and user access.

The law requires us to report when a special warrant approved the payment of public money. For the year ended March 31, 2018, Cabinet approved, through Orders in Council (special warrants), spending of \$0.1 billion; the Legislative Assembly later approved these amounts through appropriation acts.

4.0 KEY FINDINGS AND RECOMMENDATIONS

In this section, we outline key observations from our assessments and highlight actions taken on and status of previous recommendations.

4.1 Work on Developing Better Resource Surcharge Revenue Estimates Continuing

We recommended that the Ministry of Finance establish a process to better estimate resource surcharge revenue earned during each quarter and record this estimate each quarter. (2011 Report – Volume 2; Public Accounts Committee agreement January 13, 2014)

Status – Partially Implemented

Finance continues to develop a model to better estimate oil and gas resource surcharge revenue. As part of this development, it continues to test the reliability of resource surcharge revenue estimates produced from its recently developed reporting models for uranium and potash.

As explained in **Figure 5**, resource surcharge revenue is comprised of levies on the value of sales of oil, natural gas, potash, uranium, and coal in Saskatchewan under *The Corporation Capital Tax Act*. The bulk of the surcharge revenue is from oil, gas, potash, and uranium.

Figure 5—Brief Description of Resource Surcharge Revenue

Finance levies resource surcharges, in conjunction with corporation capital tax, each year on the value of sales of oil, natural gas, potash, uranium, and coal in Saskatchewan under *The Corporation Capital Tax Act*. It applies to resource corporations and resource trusts.

Only corporations who expect to pay at least \$4,800 of combined corporation capital tax and resource surcharge are required to remit equal monthly instalments of at least 75% of the tax payable for the first fiscal year. Finance levies interest charges on the difference between instalments remitted and taxes due. Corporations must file annual corporation capital tax returns within six months of the end of their fiscal year. In 2017-18, about 171 resource corporations paid resource surcharge revenue (2016-17: 186 resource corporations).

The resource surcharge rate in effect at March 31, 2018 was:

- 3.0% of the value of sales of all potash, uranium, and coal produced in Saskatchewan, and oil and natural gas produced from wells drilled in Saskatchewan prior to October 1, 2002, and
- 1.7% for oil and natural gas produced from wells drilled in Saskatchewan after September 30, 2002

Source: www.publications.gov.sk.ca/documents/15/11613-CT-3%20Corporation%20Capital%20Tax%20Resource%20Surcharge.pdf (5 September 2018); www.saskatchewan.ca/business/taxes-licensing-and-reporting/provincial-taxes-policies-and-bulletins/corporation-capital-tax (5 September 2018).

**Figure 6—Corporation Capital Tax and Resource Surcharge Revenues by Fiscal Year**

Year	Corporation Capital Tax & Resource Surcharge Combined Revenue	Corporation Capital Tax Revenue	Resource Surcharge Revenue
	(\$ in thousands)		
2013-14	\$ 550,064	\$ 113,196	\$ 436,868
2014-15	590,214	115,708	474,507
2015-16	525,697	125,061	400,636
2016-17	440,213	136,686	303,527
2017-18 (Budget)	422,400	149,900	272,500
2017-18	463,040	146,003	317,037

Source: Government of Saskatchewan Summary Financial Statements — *Public Accounts 2017-18 Volume 1*, Schedule 13 p. 72; Ministry of Finance financial records.

Finance estimates resource surcharge revenue each quarter and for the upcoming year to include in Saskatchewan's Provincial Budget, and quarterly financial reports. At March 2018, Finance estimates resource surcharge revenue earned primarily based on cash received.

In 2017-18, its resource surcharge revenue was \$317.0 million as compared to a budget of \$272.5 million, and third quarter forecast of \$297.5 million (2016-17: actual \$303.5 million, budget \$339.5 million, and third quarter forecast of \$282.7 million).⁶ Its estimated 2018-19 budget and 2018-19 first quarter forecast is \$317.3 million.⁷

In 2017-18, Finance continued its efforts in developing and testing models to better estimate resource surcharge revenue. Based on its testing, Finance determined its model for potash and uranium provided reliable annual estimates but not reliable quarterly estimates. It determined none of the oil and gas models it has explored provided reliable estimates due to price and revenue fluctuations. It expects to test the estimation models over several fiscal years to ensure the models produce a reliable resource surcharge revenue estimate.

As noted in the Public Accounts, the Government relies on revenue from non-renewable resources.⁸ Resource surcharge revenue reflects about one-fifth of the Government's total non-renewable resource revenue.

Having effective processes to more reliably estimate resource surcharge revenue would provide the Government with better information upon which to base its financial plans. It would also give legislators and the public a more accurate picture of revenue it expects to earn from resource surcharges.

⁶ Government of Saskatchewan, *2017-18 Public Accounts—Volume 1*, p. 72; Government of Saskatchewan, *Saskatchewan Provincial Budget 17-18, Meeting the Challenge*, p. 72; Government of Saskatchewan, *2017-18 Third Quarter Financial Report—Budget Update*, p. 12; Government of Saskatchewan, *2016-17 Public Accounts—Volume 1*, p. 78; Government of Saskatchewan, *Saskatchewan Provincial Budget 16-17, Keep Saskatchewan Strong*, p. 70.

⁷ Government of Saskatchewan, *Saskatchewan Provincial Budget 18-19, On Track*, p. 70; Government of Saskatchewan, *2018-19 First Quarter Financial Report—Budget Update*, p. 9.

⁸ Government of Saskatchewan, *2017-18 Public Accounts—Volume 1*, p. 33; Government of Saskatchewan, *Saskatchewan Provincial Budget 17-18, Meeting the Challenge*, p. 72.

4.2 Regular and Timely Review of User Access Needed

Finance did not have a process to periodically review user access for its key tax revenue IT system.

Finance is modernizing its tax revenue processes, including implementing a new tax revenue IT system. Finance started using this new system in 2016. During 2017-18, Finance implemented the second of four phases of this new system. As of June 2018, the system had 114 users. However, Finance has not established a process to regularly review user access for this system to assess that user access is appropriate.

Periodic reviews of user access to IT systems determine whether access granted is consistent with each employee's job responsibilities and remains appropriate. Not having regular reviews of IT user access to key IT systems, like the tax revenue system, increases the risk of unauthorized access to and inappropriate modifications of systems and data.

1. We recommend that the Ministry of Finance perform regular reviews of its user accounts for its key tax revenue IT system.

Management indicated that Finance plans to develop a process to review user access for its key tax revenue IT system in 2018-19.

We recommended that the Ministry of Finance follow its processes for removing unneeded user access to its information technology systems and data promptly. (2010 Report - Volume 2; Public Accounts Committee agreement May 18, 2011)

Status – Partially Implemented

Finance continued to not consistently follow its processes to remove unneeded user access to its IT systems and data promptly.

Finance expects removal of unneeded user access to its systems and data within one day of an employee's last day of employment. It also expects staff to monitor network access. Staff are to review, on a bi-weekly basis, a report showing employees who had not accessed the network in 30 days (inactive user report). In addition, Finance receives a monthly report that identifies any network accounts that remained active after an employee's last date of employment (separation report). It expected staff to use these reviews to identify where it missed requesting removal of unneeded user access, and to make such requests.

However, staff did not consistently follow Finance's established procedures. In 2017-18, in 7 of 18 instances we tested, user access to the network was not removed until between 12 to 170 days after last day of employment (2016-17: 3 of 23 instances where access was removed 4 to 65 days after last day of employment).

In addition, because the inactive user report only identifies users who are inactive after 30 days and Finance only receives the separation report monthly, these processes alone will not result in timely removal of unneeded user access.

Not removing unneeded user access promptly increases the risk of inappropriate access and unauthorized changes to Finance's IT systems and data.



4.3 Timely Determination of Disaster Recovery Requirements Needed

We recommended that the Ministry of Finance confirm, in writing, processes and policies that the Information Technology Office (ITO)⁹ uses to address its specific information technology security and disaster recovery requirements, and then identify and set up additional policies unique to the Ministry of Finance as necessary. (2006 Report – Volume 3; Public Accounts Committee agreement March 13, 2007)

Status – Partially Implemented

Finance continues to not have an adequate agreement with the Ministry of Central Services (one of its IT service providers). In addition, it has not yet confirmed with Central Services the expected frequency of its disaster recovery testing of Finance's systems and sharing of the results of such tests with Finance.

We found that Finance and Central Services did not always resolve identified disaster recovery issues within a reasonable timeframe. For example, by July 2018, Finance had not determined how to respond to Central Services' 2011-12 notice that Central Services was unable to conclude whether it could fully recover one of Finance's critical IT systems in the event of a disaster—at July 2018, Central Services continued to not be able to conclude on this. Also, as of July 2018, Finance did not know if Central Services can recover certain of its other critical IT systems that Central Services hosts. Critical IT systems that Central Services hosts for Finance include its debt system and investment system.

This contrasts with activity between Finance and its other IT service providers. In 2017-18, those other service providers continued to conduct successful disaster recovery tests on Finance's main revenue systems and the central system used by ministries for payments, payroll, and financial reporting (MIDAS).

Also, at July 2018, Finance's memorandum of understanding with Central Services continued to not set out the expected frequency of Central Services' disaster recovery testing of Finance's systems and sharing of the results of such tests with Finance. Although Finance has requested Central Services to include these requirements in the memorandum, the memorandum has not been amended.

Not requiring timely testing of disaster recovery plans and promptly resolving issues arising from the results of such tests, increases the risk that certain of Finance's critical systems (e.g., debt system, investment system) and data may not be available to provide services in the event of a disaster.

⁹ Effective May 2012, the Information Technology Office (ITO) was disestablished as a separate Ministry and became the Information Technology Division of the Ministry of Central Services. The Ministry of Central Services last performed disaster recovery tests on some of Finance's IT systems that it hosts in 2011-12.

4.4 Additional Public Reporting Provided on Performance of Investments in Sinking Funds

We recommended that the Ministry of Finance monitor and report publicly on the performance of the investments in its sinking funds. (2009 Report - Volume 1; Public Accounts Committee agreement June 25, 2010)

Status – Implemented

Finance provided additional information on the performance of its approximately \$2.0 billion of investments in sinking funds in the *Saskatchewan Provincial Budget 18-19*.¹⁰

It provided a forecast of sinking fund balances at March 31, 2018, along with an explanation of why the forecasted balance was lower than expected. Finance also provided information on expected sinking fund contributions, investment earnings, and redemptions for 2018-19. It expects to compare its actual performance in 2018-19 to the budgeted amounts and report this information publicly. **Figure 7** briefly describes investments in sinking funds.

Figure 7—Explanation of Investments in Sinking Funds and Their Purpose

Investments in sinking funds are money the Government sets aside to repay its long-term debt.

Finance's main investment objective is to optimize resources available in the sinking funds to retire debt when due. As such, when making sinking fund investment decisions, Finance considers the expected investment returns on sinking funds, risk of the investments, and desired time horizon of the investments (i.e., maturity date).

Finance invests in fixed-income securities (e.g., provincial bonds, debentures), and short-term interest-bearing investments with staggered maturity dates. Finance holds these investments until it needs cash to repay debt. If it does not have sufficient cash from investments that recently matured, it sells some of them.

Traditionally, Cabinet has required Finance to invest amounts equal to not less than 1% of the long-term borrowings owed by the General Revenue Fund each year. Starting in 2015-16, Finance is required to invest 2% for debt pertaining to the Saskatchewan Builds Capital Plan.^A

Source: Ministry of Finance.

^A Standing Committee on Crown and Central Agencies, Hansard Verbatim Report No. 45 — April 22, 2015, p. 631.

Consistent with prior years, in 2017-18 Finance actively monitored the planned and actual performance of its investment in sinking funds.¹¹ It provided the public with details of its investments in sinking funds in the Government's Summary Financial Statements. See **Figure 8** for details.

Figure 8—Information About Investments in Sinking Funds in the Summary Financial Statements

	Actual 2017	Actual 2018
	(in millions)	
Investments in Sinking Funds at March 31	\$ 1,824.0	\$ 1,985.0
Market value of Investments in Sinking Funds at March 31	1,787.3	1,953.9

¹⁰ www.publications.gov.sk.ca/documents/15/106322-2018-19%20Budget%20for%20WEB.pdf p. 49 (26 September 2018).

¹¹ Finance continued to regularly compare actual investment income to budget, and use market-based benchmarks (based on the FTSE TMX Canada Mid-Term Government Bond Index) to assess the reasonableness of returns earned on its sinking fund investments. Quarterly reports, provided to senior management, included comparisons of actual returns to the FTSE TMX index and actual investment income to budget along with reasons for differences.



	Actual 2017	Actual 2018
Contributions to Sinking Funds in year	122.7	156.1
Redemptions of Sinking Funds in year	49.4	33.1
Sinking Fund Earnings (interest income and gains/losses on investment sales) in year	37.1	39.8
Gains/(Losses) on investment sales (included in Sinking Fund Earnings)	1.1	(0.8)

Source: Government of Saskatchewan Summary Financial Statements – *Public Accounts 2017-18 Volume 1*, Schedule 8, p. 67 and Government of Saskatchewan Summary Financial Statements – *Public Accounts 2016-17 Volume 1*, Schedule 8, p. 73.

Providing sufficient and understandable information about the actual performance of investments in sinking funds compared to expected performance helps legislators and the public to know whether Finance did a good job managing the Government's significant investments in sinking funds, and whether this aspect of its debt management plan is successful.

4.5 Updated Guidance Used to Publicly Report Losses

We recommended that the Ministry of Finance, through working with others responsible for public reporting of losses (e.g., the Crown Investments Corporation of Saskatchewan, and the ministries of Health and Education), clarify the nature of losses of public money and property to report publicly. (2017 Report – Volume 2; Public Accounts Committee had not yet considered this recommendation as of October 30, 2018)

Status – Implemented

In May 2018, Finance amended its directive regarding public reporting of losses of public money for ministries and Treasury Board Crowns. It communicated the change to other agencies responsible for public reporting of losses.

Finance's directive requires the Provincial Comptroller to report to the Standing Committee on Public Accounts *losses of money and property over \$500 that have been reported by ministries and Treasury Board Crowns, and that are due to fraud or similar illegal acts by employees, suppliers or contractors.*¹² The directive clarifies that public reporting of losses due to unknown third parties is not required.

Finance communicated its revised directive to other agencies responsible for public reporting of losses of school divisions (i.e., Ministry of Education), Saskatchewan Health Authority (i.e., Ministry of Health), regional colleges and Saskatchewan Polytechnic (i.e., Ministry of Advanced Education), and CIC Crown Corporations (Crown Investments Corporation of Saskatchewan). It requested those agencies, other than CIC, to amend their public reporting of losses policies to be consistent with its directive. CIC's reporting policy is consistent with Finance's revised directive.

The Ministry of Education revised its policy to be consistent with Finance's revised directive in July 2018. The ministries of Health and Advanced Education have not yet revised their policies.

¹² Financial Administration Manual, Section 4105 *Reporting Incidents of Fraud or Similar Illegal Acts.* <http://applications.saskatchewan.ca/fam/pdf/4105.pdf> (10 October 2018).

We examined quarterly public loss reports published after May 2018 to determine whether losses were being consistently reported. We noted that the Ministry of Education and the Ministry of Health reported losses during this period.¹³ Both ministries indicated in their public loss reports that losses include losses of money or property greater than \$500 due to fraud or similar illegal acts by employees, suppliers, or contractors. The Ministry of Education reported losses consistent with its revised policy. The Ministry of Health reported losses in addition to those due to actions of employees, suppliers, or contractors (e.g., damage to buildings caused by patients).

5.0 SUMMARY OF RELEVANT LEGISLATION

Finance:

The Executive Government Administration Act
The Ministry of Finance Regulations, 2007
The Corporation Capital Tax Act
The Corporation Capital Tax Regulations, 1984
The Financial Administration Act, 1993
The Fuel Tax Act, 2000
The Fuel Tax Regulations, 2000
The Income Tax Act, 2000
The Insurance Premiums Tax Act
The Liquor Consumption Tax Act
The Motor Vehicle Insurance Premiums Tax Act
The Provincial Sales Tax Act
The Provincial Sales Tax Regulations
The Revenue and Financial Services Act
The Revenue Collections Administration Regulations
The Tobacco Tax Act, 1998
The Tobacco Tax Regulations, 1998
 Orders in Council issued pursuant to the above legislation

Public Employees Pension Plan:

The Executive Government Administration Act
The Public Employees Pension Plan Act
The Public Employees Pension Plan Regulations, 2015
The Superannuation (Supplementary Provisions) Act
The Pension Benefits Act, 1992
The Pension Benefits Regulations, 1993
The Pension Benefits Standards Regulations, 1985
 (Canada)
The Income Tax Act (Canada) (sections 147.1, 147.2, and 147.3)
The Income Tax Regulations (Canada) (sections 8501, 8505, 8512, 8514)
 Orders in Council issued pursuant to the above legislation

Saskatchewan Pension Annuity Fund:

The Saskatchewan Pension Annuity Fund Act
The Saskatchewan Pension Annuity Fund Regulations
The Pension Benefits Act, 1992
The Pension Benefits Regulations, 1993
The Pension Benefits Standards Regulations, 1985
 (Canada)
The Financial Administration Act, 1993
The Trustee Act, 2009
 Orders in Council issued pursuant to the above legislation

Judges of the Provincial Court Superannuation Plan:

The Executive Government Administration Act
The Financial Administration Act, 1993
The Pension Benefits Standards Regulations, 1985
 (Canada) (Schedule III)
The Provincial Court Act, 1998
The Provincial Court Compensation Regulations
The Provincial Court Pension Plan Regulations
The Pension Benefits Act, 1992
The Pension Benefits Regulations, 1993
The Income Tax Act (Canada) (sections 147.1, 147.2, and 147.3)
The Income Tax Regulations (Canada) (sections 8501-8504, 8512, 8514, 8520)
The Superannuation (Supplementary Provisions) Act, (section 36.2)
 Orders in Council issued pursuant to the above legislation

Public Employees Benefits Agency Revolving Fund:

The Executive Government Administration Act
The Financial Administration Act, 1993
 Orders in Council issued pursuant to the above legislation

Public Service Superannuation Plan:

The Executive Government Administration Act (section 13)
The Public Service Superannuation Act
The Superannuation (Supplementary Provisions) Act
The Superannuation Acts Uniform Regulations
The Pension Benefits Act, 1992
The Income Tax Act (Canada) (sections 147.1, 147.2, and 147.3)
The Income Tax Act Regulations (Canada) (sections 8501-8505, 8512, 8514, 8520)
 Orders in Council issued pursuant to the above legislation

Water Security Agency Retirement Allowance Plan:

The Executive Government Administration Act
The Financial Administration Act, 1993 (section 64)
The Crown Employment Contracts Act (section 8)
 Orders in Council issued pursuant to the above legislation
 Water Security Agency Retirement Allowance Plan Document

¹³ The Ministry of Finance, Ministry of Advanced Education, and CIC tabled nil reports of losses during this period.

Chapter 6

Finance—Public Employees Benefits Agency

1.0 MAIN POINTS

This chapter reports on a matter identified during our audits of certain pension and benefit plans that the Ministry of Finance—Public Employees Benefits Agency (PEBA) administers.

During 2017-18, PEBA did not have written procedures for verifying the completeness and accuracy of plan participants' data before providing the data to the actuaries.

Providing incomplete or inaccurate plan participant information increases the risk of inaccurate estimates of pension or benefit obligations, which may in turn impact decisions about the funding status of a plan, and accuracy of its financial statements.

2.0 INTRODUCTION

The Public Employees Benefits Agency is a branch within the Ministry of Finance.

Under *The Financial Administration Act, 1993*, PEBA operates and administers 34 government pension and benefit plans for employees of the Government of Saskatchewan and certain employees of municipal governments.^{1,2} It serves about 90,000 members and beneficiaries. **Section 4.0** lists plans it administered at June 2018.

Employers and participants rely on PEBA to properly administer these plans, and provide benefits to which plan participants are entitled (e.g., medical claim and retirement benefits). Pension and benefit plan participants include active, inactive, and deferred members; pensioners; surviving spouses; and dependents.

PEBA employs about 136 full-time equivalent employees at a cost of approximately \$17.6 million annually.^{3,4}

3.0 KEY FINDING AND RECOMMENDATION

3.1 Procedures to Verify Plan Participant Data Needed

PEBA does not have documented procedures for evaluating the integrity of plan participants' data before providing the data to the actuaries for the purposes of estimating the pension or benefit obligations (i.e., the amounts owed to plan participants).

We found that PEBA's process to verify the completeness and accuracy of participant data provided to actuaries is limited to determining whether the total number of plan

¹ *The Financial Administration Act, 1993*, s.64(1).

² www.peba.gov.sk.ca/about/PEBA.html. (29 June 2018).

³ Public Employee Benefits Agency Revolving Fund Financial Statements for the year ended March 31, 2018.

⁴ Employee information provided by PEBA management on June 29, 2018.



participants in each category (e.g., active, pensioners, beneficiaries, deceased) per its records agreed with information in each plan's actuarial valuation.

PEBA, along with governing bodies of each plan, consider the estimated pension or benefit obligation to help determine each plan's funding status (that is, how much money is needed to pay for the expected benefits owed and from whom), and in preparing each plan's financial statements.

For each plan, PEBA obtains and maintains key information about plan participants (e.g., salary, years of service, employer and employee contributions, date of birth, gender, marital status, name and gender of beneficiary, name of employer). It uses this information in its administration of each plan, and in determining benefits owed to plan participants. For defined benefit plans, it hires actuaries to estimate a plan's pension or benefit obligations.⁵

For four plans we audited, our testing of the completeness and accuracy of participant data that PEBA provided to its actuaries identified numerous instances of incomplete and inaccurate data.⁶ We found the data was incomplete (e.g., missing marital status, spousal birth dates) or inaccurate (e.g., indicated members were married when they were single or widowed).

For each of the four plans with identified incomplete/inaccurate data, we estimated that the impact of the identified incomplete or inaccurate data on the plan's pension or benefit obligation was not material. For example, we estimated the pension obligation of the Public Service Superannuation Plan of \$1.8 billion was initially overstated by a net amount of about \$400,000 (consisting of a \$2.5 million understatement due to incomplete data and a \$2.9 million overstatement due to inaccurate data).

Because actuaries use participant data (including marital status and spousal birth dates) to estimate a plan's pension/benefit obligation, PEBA must verify this information is complete and accurate. Incomplete or inaccurate plan participant information increases the risk of inaccurate estimates of pension or benefit obligations, which may in turn impact decisions about the funding status of a plan, and accuracy of its financial statements.

- 1. We recommend that the Public Employees Benefits Agency have written procedures for verifying the completeness and accuracy of pension and benefit plan participant data before providing it to the actuaries.**

⁵ A defined benefit plan is where an employee's pension/benefits payments are calculated based on a prescribed formula typically based on length of service and the salary earned at the time of retirement.

⁶ The Public Service Superannuation Plan (including the Anti-Tuberculosis League Superannuation Plan and the Saskatchewan Transportation Company Employees Superannuation Plan), the Saskatchewan Pension Annuity Plan, the Liquor Board Superannuation Plan, and the Judges of the Provincial Court Superannuation Plan.

4.0 PENSION AND BENEFIT PLANS PEBA ADMINISTERED AT JUNE 2018

Pension Plans:

Anti-Tuberculosis League Superannuation Plan
 Capital Pension Plan
 Judges of the Provincial Court Superannuation Plan
 Liquor Board Superannuation Plan
 Members of the Legislative Assembly Benefits
 Municipal Employees' Pension Plan
 Pension Plan for the Employees of the Saskatchewan Workers' Compensation Board
 Public Employees' Pension Plan
 Public Service Superannuation Plan
 Saskatchewan Pension Annuity Plan
 Saskatchewan Transportation Company Employees Superannuation Plan
 The Power Corporation Superannuation Plan

Benefit Plans:

Crown Investments Corporation of Saskatchewan Benefits Plan
 Extended Health Care Plan
 Extended Health Care Plan for Certain Other Employees
 Extended Health Care Plan for Certain Other Retired Employees
 Extended Health Care Plan for Retired Employees
 Government of Saskatchewan and Canadian Union of Public Employees Local No. 600-3 and Local 600-5 Benefit Plans' Surplus Fund
 Government of Saskatchewan and Saskatchewan Government and General Employees' Union Benefit Plans' Surplus Fund
 Government of Saskatchewan Scheduled Aircraft Plan
 Government of Saskatchewan Unscheduled Aircraft Plan
 Public Employees Deferred Salary Leave Plan
 Public Employees Dental Plan
 Public Employees Disability Income Plan
 Public Employees Group Life Insurance
 Saskatchewan Government Insurance Service Recognition Plan
 Saskatchewan Water Corporation Retirement Allowance Plan
 SaskEnergy Retiring Allowance Plan
 SaskPower Designated Employee Benefit Plan
 SaskPower Millennium Plan
 SaskPower Severance Pay Credits Plan
 SaskPower Supplementary Superannuation Plan
 SaskTel Retirement Gratuity Plan
 Water Security Agency of Saskatchewan Retirement Allowance Plan

Source: www.peba.gov.sk.ca/about/PEBA.html (29 June 2018).

Chapter 7 Health

1.0 MAIN POINTS

The Ministry of Health, six of its agencies, and nine benefit plans reported in this chapter complied with authorities governing their activities. Each of these agencies and benefit plans' 2017-18 financial statements are reliable. The Ministry and the six agencies had effective rules and procedures to safeguard public resources except for the matters related to the Ministry.

The Ministry needs to follow its established procedures for promptly removing unneeded user access to its computer systems and data. Not following the established procedures increases the risk of inappropriate access.

2.0 INTRODUCTION

2.1 Background

The Ministry of Health provides provincial oversight for the healthcare system. It is responsible for providing leadership for the health sector on strategic policy, allocating funding, and monitoring and enforcing health standards.

The Ministry oversees and funds the provincial healthcare system. This system includes the Saskatchewan Health Authority, Saskatchewan Cancer Agency, affiliated healthcare organizations, Athabasca Health Authority, and health professionals.^{1,2}

The Ministry directly administers key health programs such as the Saskatchewan Medical Care Insurance Plan and the Saskatchewan Prescription Drug Plan. In addition, it assists the Saskatchewan Health Authority, Saskatchewan Cancer Agency, and other stakeholders in recruiting and retaining healthcare providers, including nurses and physicians.

2.2 Financial Overview

For the year ended March 31, 2018, the Ministry had revenues of \$15.8 million including \$4.9 million from transfers from the Federal Government for healthcare initiatives.³ As reflected in **Figure 1**, the Ministry spent almost \$5.3 billion to deliver its programs and services in 2017-18.⁴ Information about the Ministry's revenues and expenses appears in its annual report.

¹ Affiliated healthcare organizations are privately owned agencies that are contracted by the Saskatchewan Health Authority to deliver healthcare (e.g., St. Paul's [Grey Nuns] Hospital of Saskatoon, Providence Place for Holistic Health Inc. in Moose Jaw).

² At March 31, 2018, the Athabasca Health Authority operated under an agreement between the province, Canada, and six northern First Nations. The Ministry funds the Authority for acute care expenses.

³ Ministry of Health, *2017-18 Annual Report*, p. 23.

⁴ *Ibid.*, pp. 21-22.

**Figure 1 – Major Programs and Spending**

	Estimates 2017-18 ^A	Actual 2017-18
	(in millions)	
Central Management and Services	\$ 10.1	\$ 9.3
Provincial Health Services	209.4	212.9
Regional Health Authorities ^B	3,706.5	3,756.4
Medical Services & Medical Education Programs	894.9	927.8
Drug Plan & Extended Benefits	384.5	385.4
Total Appropriation	<u>5,205.4</u>	<u>5,291.8</u>
Capital Asset Acquisitions	(0.4)	(0.5)
Non-Appropriated Expense Adjustment	0.8	0.8
Total Expense	<u>\$ 5,205.8</u>	<u>\$ 5,292.1</u>

Source: Ministry of Health, 2017-18 Annual Report, pp. 21-22.

^A During 2017-18, the Ministry received a budget increase of \$93.6 million comprised of a supplementary estimate of \$36.5 million and a special warrant of \$57.1 million. It used the majority of the increase to fund the Regional Health Authorities subvote.

^B On December 4, 2017, the Government of Saskatchewan consolidated the 12 regional health authorities into one provincial health authority called the Saskatchewan Health Authority.

3.0 AUDIT CONCLUSIONS

3.1 Related Crown Agencies and Benefit Plans

At March 31, 2018, the Ministry was responsible for the following Crown agencies and benefit plans.

We have reported the results of our audits of agencies in [blue font](#) in the chapter identified. This chapter reports the results of our audits of the Ministry, the six remaining agencies with a March 31 year-end, and nine benefit plans with a December 31 year-end.

Year-End March 31

[Saskatchewan Health Authority \(Chapter 14\)](#)

[eHealth Saskatchewan \(Chapter 3\)](#)

Health Quality Council

Health Shared Services Saskatchewan (3sHealth)

Physician Recruitment Agency of Saskatchewan

Saskatchewan Association of Health Organizations Inc. (SAHO)

Saskatchewan Cancer Agency

Saskatchewan Impaired Driver Treatment Centre Board of Governors

Year-End December 31

3sHealth, Disability Income Plan – C.U.P.E.

3sHealth, Disability Income Plan – S.E.I.U. – West

3sHealth, Disability Income Plan – S.U.N.

3sHealth, Disability Income Plan – General

3sHealth, Core Dental Plan

3sHealth, In-Scope Extended Health Care/Enhanced Dental Plan

3sHealth, Out-of-Scope Extended Health Care/Enhanced Dental Plan
 3sHealth, Group Life Insurance Plan
 3sHealth, Out-of-Scope Flexible Spending Plan

In our opinion, for the years ended December 31, 2017 and March 31, 2018:

- **The Ministry and its six agencies had effective rules and procedures to safeguard public resources except for the matter noted in this chapter**
- **The Ministry, its six agencies, and nine benefit plans each complied with the following authorities governing its activities related to financial reporting, safeguarding public resources, revenue raising, spending, borrowing, and investing:**

An Act to Incorporate Saskatchewan Health-Care Association
The Crown Corporations Act, 1993
The Cancer Agency Act
The Cancer Agency Regulations
The Drug Plan Medical Supplies Regulations
The Saskatchewan Assistance Plan
Supplementary Health Benefits Regulations
The Executive Government Administration Act
The Financial Administration Act, 1993
The Health Administration Act
The Health Facilities Licensing Act
The Health Facilities Licensing Regulations
The Health Information Protection Act
The Health Quality Council Act
The Special-care Home Rates Regulations
The Mental Health Services Act
The Non-Profit Corporations Act, 1995
The Prescription Drugs Act
The Prescription Drugs Regulations, 1993

The Provincial Health Authority Act⁵
The Provincial Health Authority Regulations⁵
The Public Health Act, 1994
The Purchasing Act, 2004
The Regional Health Services Act⁵
The Regional Health Services Administration Regulations⁵
The Saskatchewan Medical Care Insurance Act
The Medical Care Insurance Beneficiary and Administration Regulations
The Saskatchewan Medical Care Insurance Payment Regulations, 1994
The Medical Care Insurance Peer Review Regulations
 Orders in Council issued pursuant to the above legislation
 Plan text and Agreements related to the benefit plans

- **The financial statements of each of the six agencies and nine benefit plans reported in this chapter are reliable**

We used standards for assurance engagements published in the *CPA Canada Handbook – Assurance* (including CSAE 3001) to conduct our audits. We used the control framework published by CPA Canada to make our judgments about the effectiveness of the Ministry'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.

We paid particular attention to the Ministry's significant programs including payments to physicians for medical services, payments of drug plan and extended benefits, and payments for provincial health services; contract management processes and recording of contractual obligations; and the Ministry's supervision of the Saskatchewan Health Authority.

⁵ On December 4, 2017, 12 health regions combined to form the Saskatchewan Health Authority when *The Provincial Health Authority Act* was proclaimed. This Act and regulations replaced *The Regional Health Services Act* and regulations.



4.0 KEY FINDING AND RECOMMENDATION

4.1 Timely of Removal of User Access Needed

We recommended that the Ministry of Health follow its established procedures for removing unneeded user access to its computer systems and data promptly. (2015 Report – Volume 2; Public Accounts Committee agreement June 12, 2018)

Status – Partially Implemented

The Ministry continues not to be consistent in following its procedures for promptly removing unneeded user access to its computer systems and data.

During 2017-18, its Internal Audit Branch assessed each month whether Ministry staff adhered to procedures for terminating system and network access of employees who no longer worked with the Ministry, or were on a leave. While the Branch found staff's compliance improved since March 2016, it found access was not removed promptly for 28% of employees it tested.⁶

Our audit findings were consistent. We found:

- For requests for removal of network user access, Ministry staff had not promptly requested removal for 3 of 28 individuals we tested. For one individual, the Ministry requested removal 14 business days after the employee left the Ministry.
- For requests for removal of MIDAS (accounting and payroll systems) user access, Ministry staff had not promptly requested removal for 2 of 11 individuals we tested.⁷ For one individual, the Ministry did not request removal of the user's access for 13 business days after the employee left the Ministry.

Not removing unneeded access promptly increases the risk of unauthorized individuals accessing the Ministry's computer systems and data. It makes the Ministry's data and systems vulnerable to access by unauthorized users, including inappropriate access to confidential information.

⁶ The Internal Audit Branch started monitoring of compliance with removal of unneeded IT user access policies in March 2016.

⁷ Multi-Informational Database Applications System (MIDAS) financials includes modules for general ledger, cash management, accounts payable, accounts receivable, purchasing, payments, forecasting, capital assets, and inventory. It accounts for financial transactions of government ministries. There is also a MIDAS payroll system that accounts for payroll.

Chapter 8

Highways and Infrastructure

1.0 MAIN POINTS

The Ministry of Highways and Infrastructure had effective rules and procedures to safeguard public resources except that Ministry staff did not always ensure unneeded access of former employees to its computer systems was removed promptly. This makes the Ministry's IT data and systems vulnerable to inappropriate access.

During 2017-18, the Ministry and the Transportation Partnerships Fund complied with the authorities governing their activities relating to financial reporting, safeguarding public resources, revenue raising, spending, borrowing, and investing.

The 2017-18 financial statements of the Transportation Partnerships Fund are reliable.

2.0 INTRODUCTION

The mission and mandate of the Ministry of Highways and Infrastructure is to:

- Provide a safe, reliable transportation system that supports Saskatchewan's growth agenda and quality of life; and deliver innovative, sustainable infrastructure to serve the needs of its customers
- Manage and provide for the future development of an integrated provincial transportation system, which supports economic growth and prosperity for Saskatchewan and promote the safe and efficient movement of goods and people¹

The Ministry is responsible for managing the provincial transportation system. The system includes more than 26,000 kilometres of highways, 725 bridges, 62,000 culverts, 17 airports in northern Saskatchewan, 12 ferries, and 1 barge.²

2.1 Financial Overview

At March 31, 2018, the Ministry managed tangible capital assets comprised primarily of the transportation system with a book value of \$4.8 billion. In 2017-18, it acquired capital assets of almost \$900 million comprised primarily of roads and bridges (e.g., Regina Bypass).

As shown in **Figure 1**, in 2017-18, the Ministry had expenses of about \$430 million. In addition, it had revenues of \$118 million including federal government transfers of \$67 million for the Regina Bypass and \$31 million from the New Building Canada Fund.³

¹ Ministry of Highways and Infrastructure, *Annual Report for 2017-18*, p. 3.

² Ibid.

³ The Government of Canada in 2014 established the New Building Canada Fund to support projects of national, regional, and local significance that promote economic growth, job creation, and productivity. The Federal Government works with provinces, territories, municipalities, and the private sector to provide funds to economically focused projects. www.infrastructure.gc.ca/plan/nbcf-nfcc-eng.html (12 October 2018).

**Figure 1 – Major Programs and Spending**

	Estimates 2017-18 ^A	Actual 2017-18
	(in millions)	
Central Management and Services	\$ 18.3	\$ 17.2
Strategic Municipal Infrastructure	22.8	26.8
Operation of Transportation System	90.0	100.3
Preservation of Transportation System	122.2	113.9
Transportation Planning and Policy	4.1	3.8
Infrastructure and Equipment Capital	<u>842.9</u>	<u>887.7</u>
Total Appropriation	<u>1,100.3</u>	<u>1,149.7</u>
Capital Asset Acquisitions	(842.9)	(887.7)
Capital Asset Amortization	<u>173.3</u>	<u>168.3</u>
Total Ministry Expenses	<u>\$ 430.7</u>	<u>\$ 430.3</u>

Source: Government of Saskatchewan, *2017-18 Estimates*, p. 81; Ministry of Highways and Infrastructure, *Annual Report for 2017-18*, p. 24.

^ADuring 2017-18, the Ministry received a budget increase through a special warrant of \$75.5 million for winter maintenance.

3.0 AUDIT CONCLUSIONS

In our opinion, for the year ended March 31, 2018:

- **The Ministry had effective rules and procedures to safeguard public resources except the Ministry needs to remove unneeded user access promptly**
- **The Ministry complied with the following authorities governing its and the Transportation Partnership Fund's activities related to financial reporting, safeguarding public resources, revenue raising, spending, borrowing, and investing:**

The Highways and Transportation Act, 1997
The Railway Line (Short Line) Financial Assistance Regulations
The Ministry of Highways and Infrastructure Regulations, 2007
The Fuel Tax Accountability Act
The Public Works and Services Act
The Executive Government Administration Act
The Financial Administration Act, 1993
The Purchasing Act, 2004 and Regulations
 Orders in Council issued pursuant to the above legislation

- **The financial statements of the Fund are reliable**

We used standards for assurance engagements published in the *CPA Canada Handbook – Assurance* (including CSAE 3001) to conduct our audit. We used the control framework published by CPA Canada to make our judgments about the effectiveness of the Ministry'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 the Ministry uses contractors in the maintenance and construction of its highways and bridges, we paid particular attention to the Ministry's controls over managing its contracts. This included assessing its processes for awarding, approving, and adjusting contracts; retaining appropriate security and holdbacks; approving estimates; obtaining appropriate clearance from the Workers' Compensation Board and tax authorities before final payments; and tracking its related contractual obligations.

Also, because the Ministry relies on its computer systems to manage its contracts and the transportation system, we assessed its key service level agreements, change management processes, and user access controls related to those key systems.

4.0 KEY FINDINGS AND RECOMMENDATION

4.1 Prompt Removal of Expired User Access Needed

We recommended that the Ministry of Highways and Infrastructure follow its established procedures for removing user access to its computer systems and data. (2009 Report – Volume 3; Public Accounts Committee agreement April 21, 2010)

Status – Partially Implemented

Although the Ministry has established procedures to remove user access to its computer systems and data, it did not always follow them.

The Ministry expects its supervisors to request that user access be removed for their staff who leave the Ministry's employ; they are to make this request on or before the staff member's departure. In addition, supervisors are to review, each month, a termination listing obtained from Public Service Commission. The purpose of the review is to check that MIDAS user access has been removed for individuals on the listing. MIDAS is the central application the Ministry uses to record and account for its financial activities, including its general ledger, accounts payable, accounts receivable, purchasing and payments, human resources and payroll records, etc.

Consistent with findings of our prior audits, we found former employees whose access to the Ministry's computer systems was not removed promptly. In addition, we found its monthly review of the termination listing was not effective. During 2017-18:

- Access of eight of ten individuals (2016-17: six out of ten) we examined had their network access removed between 15 days to 100 days after last day of employment (2015-16: 6 to 270 days).
- Access of ten individuals (2016-17: three individuals) to MIDAS was removed between 13 to 74 days after last day of employment. For two of these individuals, the Ministry did not request the removal of access until we brought the matter to its attention.

Not removing unneeded access promptly increases the risk of unauthorized individuals accessing its computer systems and data.

Chapter 9

Justice and Attorney General – Victims' Fund

1.0 MAIN POINTS

In 2017-18, the Ministry of Justice and Attorney General – Victims' Fund did not submit claims for its federal cost-sharing agreements within the deadline dates set out in agreements. Not submitting claims promptly for allowable expenditures incurred under federal cost-sharing agreements results in poor cash management.

In 2017-18, the Fund had reliable financial statements. The Ministry also complied with the authorities governing the Fund's activities related to financial reporting, safeguarding public resources, revenue raising, spending, borrowing, and investing.

2.0 INTRODUCTION

The Ministry of Justice and Attorney General – Victims' Fund receives all provincial and federal fine surcharges assessed under *The Victims of Crime Act, 1995* and under the *Criminal Code of Canada*.¹ The Act permits expenditures from the Fund to promote and deliver services and benefits to victims; conduct research and distribute information respecting victims' services, needs, and concerns; and for crime prevention and administration.

The Ministry of Justice and Attorney General administers the Fund and collects assessed surcharges on behalf of the Fund.

2.1 Financial Overview

As shown in **Figure 1**, for the year ended March 31, 2018, the Fund had revenues of \$15.5 million and expenses of \$23.3 million resulting in an annual deficit of \$7.8 million.

Figure 1 – Summary of 2017-18 Financial Results

	Budget 2017-18	Actual 2017-18
	(in thousands)	
Surcharge revenue	\$ 14,000	\$ 13,577
Federal cost sharing revenue	500	1,152
Investment income and gain	300	366
Proceeds of crime and other revenue	—	443
Total Revenue	\$ 14,800	\$ 15,538
Administration costs and bad debt	\$ 1,892	\$ 3,487
Crime prevention grants and crisis intervention services	4,723	5,029

¹ *The Victims of Crime Act* established the Victims' Fund; it is continued under the authority of *The Victims of Crime Act, 1995*.



	Budget 2017-18	Actual 2017-18
Court-based programs	646	656
Compensation payments	892	1,225
Domestic violence courts	633	665
Proceeds of crime	-	239
Restitution program	336	230
Research, evaluation, and prevention	808	1,051
Education and training	53	105
Interpersonal violence and abuse programs	10,040	10,018
Federal cost sharing agreements	-	633
Total Expense	\$ 20,023	\$ 23,338
Annual Deficit	\$ 5,223	\$ 7,780

Source: Ministry of Justice – Victims’ Fund Financial Statements for the Year Ended March 31, 2018.

3.0 AUDIT CONCLUSIONS

In our opinion, for the year ended March 31, 2018:

- **The Ministry of Justice and Attorney General complied with the following authorities governing the Fund’s activities related to financial reporting, safeguarding public resources, revenue raising, spending, borrowing, and investing:**

The Victims of Crime Act, 1995
The Victims of Crime Regulations, 1997
Criminal Code (s. 737)
The Executive Government Administration Act
The Financial Administration Act, 1993
 Orders in Council issued pursuant to the above legislation

- **The Fund had reliable financial statements**

In addition to the above opinions, in **Section 4.0**, we bring another significant matter to the attention of the Legislative Assembly.

We used standards for assurance engagements published in the *CPA Canada Handbook – Assurance* (including CSAE 3001) to conduct our audit. The audit included consideration of internal control relevant to the preparation of the financial statements in order to design audit procedures appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control.

Our audit focused on the Fund’s recording of transactions in its accounting records and its financial statements. It specifically looked at the data and assumptions used to determine the collectability of the Fund’s accounts receivable including fines surcharges. It also assessed the Ministry’s accounting treatment of transfers for the federal cost-sharing agreements.

4.0 KEY FINDING AND RECOMMENDATION

4.1 Timely Submission of Federal Claims Needed

The Fund does not submit claims for its federal cost-sharing agreements within a reasonable timeframe resulting in increased use of cash from the General Revenue Fund.

For the last few years, the Ministry submitted claims to seek reimbursement of allowable expenditures from the Federal Government much later than the June 30 deadline set out in each of the federal cost-sharing agreements listed in **Figure 2**. For example, for one agreement, it submitted the 2014-15 final claim in May 2016 (11 months later than June 30); for another agreement, it submitted the 2016-17 final claim in December 2017 (about five months later than June 30). For all agreements listed in **Figure 2**, as of July 31, 2018, it had not yet submitted final claims for allowable expenditures incurred in 2017-18.

The Federal Government does not reimburse the Fund for allowable expenditures until it receives claims from the Fund. As a result of not submitting final claims promptly, the Ministry had not sought reimbursement of allowable expenditures incurred totalling \$1.3 million. See **Figure 2** for details.

Figure 2—Summary of Allowable Expenditures Not Yet Submitted for Reimbursement by Federal Cost-sharing Agreement as of July 2018

Purpose of Federal Cost-sharing Agreement	Year of Signing Agreement	Allowable expenditures not yet submitted for reimbursement	Related allowable expenditures incurred under Agreement	
			2017-18	2016-17
			(in thousands)	
Funding to provide services for the enhancement of services to victims of crime ^A	2011-12	\$ 1,052.1	\$ 654.1	\$ 398.0
Funding to provide a Saskatchewan Family Information Liaison Unit ^B	2016-17	133.3	133.3	
Funding to provide legal advice for victims of sexual offences ^C	2017-18	121.2	121.2	
TOTAL of amount of allowable expenditures not yet submitted for reimbursement as of July 2018		\$ 1,306.6		

^A Maximum amount of allowable expenditures under Agreement for 2017-18 is \$717 thousand (2016-17: \$509 thousand); submitted 2014-15 claim in May 2016 (11 months later than the June 30 deadline); submitted 2015-16 claim in August 2016 (two months later than the June 30 deadline).

^B Maximum amount of allowable expenditures under Agreement for 2017-18 is \$295 thousand (2016-17: \$540 thousand); submitted 2016-17 claim in December 2017 (five months later than the June 30 deadline).

^C Maximum amount of allowable expenditures under Agreement for 2017-18 is \$171 thousand.

The Fund uses cash held in the General Revenue Fund to operate. As shown in **Figure 1**, in 2017-18, the Fund's expenses exceeded its revenues by \$7.8 million resulting in an annual deficit. Also, during 2017-18, the Fund used \$1.7 million more cash than it received (2016-17: \$1.9 million). In 2018-19, the General Revenue Fund gave the Victims' Fund a \$5 million advance to finance the Fund's operations.



Not submitting claims promptly for allowable expenditures incurred under federal cost-sharing agreements results in poor cash management as it delays receipt of cash from the Federal Government, and increases reliance on use of cash from the provincial government.

- 1. We recommend that the Ministry of Justice and Attorney General – Victims' Fund submit claims for its federal cost-sharing agreements within the deadline dates set out in agreements.**

Chapter 10

Justice and Attorney General, and Corrections and Policing

1.0 MAIN POINTS

The Ministry of Justice and Attorney General, the Ministry of Corrections and Policing, and their agencies had effective rules and procedures to safeguard public resources except that staff did not always ensure unneeded access of former employees to its computer systems was removed promptly. Not following these established processes makes the ministries' data and systems vulnerable to inappropriate access.

During 2017-18, the ministries, their agencies, and their special purpose funds complied, in all significant respects, with the authorities governing their activities related to financial reporting, safeguarding public resources, spending, revenue raising, borrowing, and investing.

The 2017-18 financial statements of the ministries' agencies and special purpose funds are reliable.

2.0 INTRODUCTION

On February 2, 2018, Cabinet split the Ministry of Justice into two separate ministries: the Ministry of Justice and Attorney General, and the Ministry of Corrections and Policing.

The mandate of the Ministry of Justice and Attorney General is to provide a fair justice system that upholds the law, promotes safe and secure communities, and provide legal and justice policy advice to the Government. The mandate of the Ministry of Corrections and Policing is to provide a fair justice system that promotes safe and secure communities, provide supervision and rehabilitation services for adult and young offenders, and ensure policing programs uphold the rule of law and protect society and rights of individuals.¹

The ministries centrally manage certain services including financial, planning, communication, accommodation management, and supports to the justice system.²

This chapter includes the results of our annual integrated audit of the ministries, their agencies, and special purpose funds for the year ended March 31, 2018.

2.1 Financial Overview

For the year ended March 31, 2018, the ministries had combined revenues totalling \$103.8 million comprised primarily of fines and fees, and transfers from federal and municipal governments. In addition as shown in **Figure 1**, they spent \$619 million on their programs in 2017-18.

¹ Ministry of Corrections and Policing and Ministry of Justice and Attorney General, *Annual Report for 2017-18*, p. 5.

² *Government of Saskatchewan – 2018-19 Estimates*, pp. 93-94.

**Figure 1 – Major Programs and Spending**

	Estimates 2017-18 ^A	Actual 2017-18
	(in millions)	
Central Management and Services	\$ 48.1	\$ 48.0
Courts and Civil Justice	58.4	62.5
Innovation, Legal and Policy Services	36.2	35.3
Community Safety and Well-Being	36.6	33.4
Boards, Commissions and Independent Offices	37.3	44.2
Custody, Supervision and Rehabilitation Services	165.6	181.5
Policing	204.3	204.8
Saskatchewan Police Commission	1.5	1.5
Capital and Improvements	13.0	10.3
Total Appropriation	601.0	621.5
Capital Asset Acquisitions	(13.0)	(9.0)
Capital Asset Amortization	6.0	6.5
Total Expense	\$ 594.0	\$ 619.0

Source: Ministry of Corrections and Policing and Ministry of Justice and Attorney General, *Annual Report for 2017-18*, pp. 21-22.

^A During 2017-18, the Ministry of Justice and Attorney General received a budget increase through a special warrant of \$10 million. The Ministry of Corrections and Policing received a supplementary estimate of \$12 million.

2.2 Special Purpose Funds and Agencies

At March 31, 2018, the Ministries were responsible for the following special purpose funds and Crown agencies, each with a March 31 year-end.

We have reported the results of our audits of special purpose funds in [blue font](#) in the chapter identified. This chapter reports the results of our audits of the ministries, the seven remaining special purpose funds, and two Crown agencies.

Special Purpose Funds

Correctional Facilities Industries Revolving Fund
 Criminal Property Forfeiture Fund
 Financial and Consumer Affairs Authority of Saskatchewan
 Office of Residential Tenancies – Director’s Trust Account
 Provincial Mediation Board Trust Accounts
 Public Guardian and Trustee of Saskatchewan
 Queen’s Printer Revolving Fund
[Victims’ Fund \(Chapter 9\)](#)

Crown Agencies

Law Reform Commission of Saskatchewan
 Saskatchewan Legal Aid Commission

3.0 AUDIT CONCLUSIONS

In our opinion, for the year ended March 31, 2018:

- **The ministries and their agencies had effective rules and procedures to safeguard public resources except for the matter described in this chapter**
- **The ministries, their agencies, and their funds have complied, in all significant respects, with the provisions of the legislative and related authorities listed in Section 5.0 pertaining to their financial reporting, safeguarding of public resources, spending, revenue raising, borrowing, and investing activities**
- **The financial statements of the ministries' agencies and funds are reliable**

We used standards for assurance engagements published in the *CPA Canada Handbook – Assurance* (including CSAE 3001) to conduct our audit. We used the control framework published by CPA Canada to make our judgments about the effectiveness of the ministries' and their agencies' 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.

In the audit, we paid particular attention to the following: processes related to the existence and accuracy of overtime payroll expenses; the completeness and accuracy of RCMP policing services expenses, payables, and contractual obligations; the implementation of the Criminal Justice Information Management System (e.g., conversion of data); and ministries' requests for the Board of Revenue Commissioners approval for write-offs of uncollectible fines.

4.0 KEY FINDINGS AND RECOMMENDATIONS

4.1 Timely Removal of User Access Needed

We recommended that the Ministry of Justice and Attorney General and the Ministry of Corrections and Policing follow their established procedures for removing unneeded user access to their computer systems and data. (2015 Report – Volume 2; Public Accounts Committee agreement January 11, 2017)

Status – Partially Implemented

The ministries did not consistently follow their procedures for ensuring only authorized individuals have access to their IT systems and data. The ministries' policies require users to have their IT access removed immediately once they have left the ministries.

For the 2017-18 fiscal year, we found for ten users we tested:

- For three users, ministry staff did not submit to the Ministry of Central Services their request to remove network access on a timely basis; requests were submitted between 16 to 26 days after users no longer worked at the ministries.



- For another three users, neither their Criminal Justice Information Management System access nor their network access was removed on a timely basis (between two to three months after they no longer worked at the ministries).

The ministries use the Criminal Justice Information Management System to maintain data on custody, supervision, and rehabilitation of offenders; and to track the collection of fines.

Subsequent to year-end (starting in May 2018), the Public Service Commission started notifying staff at the Ministry of Justice and Attorney General and the Ministry of Corrections and Policing when employees no longer worked with the ministries. The Public Service Commission also notifies the Ministry of Central Services. The ministries expect this new process to aid in timely removal of unneeded user access to their IT systems and data.

Not removing unneeded user IT access promptly increases the risk of unauthorized access to IT systems and data including confidential information, and of inappropriate modifications to IT systems or data.

4.2 Disaster Recovery Plan Completed and Tested

We recommended that the Ministry of Justice and Attorney General prepare and test its disaster recovery plans for its critical information technology systems. (2015 Report – Volume 2; Public Accounts Committee agreement January 11, 2017)

Status – Jointly Implemented by both Ministries

During 2017-18, the ministries completed their disaster recovery plan for their critical IT systems (i.e., Automated Collection Enforcement System, Electronic Prosecutions Information Centre, and Criminal Justice Information Management System).

The ministries successfully tested the disaster recovery plan in May 2018 with a mock disaster.

5.0 SUMMARY OF RELEVANT LEGISLATION

Justice and Attorney General, and Corrections and Policing

The Administration of Estates Act
The Administration of Estates Regulations
The Correctional Services Act, 2012
The Correctional Services Trust Account Regulations
The Community Justice Programs Regulations
The Enforcement of Maintenance Orders Act, 1997
The Enforcement of Maintenance Orders Regulations, 2009
The Executive Government Administration Act
The Financial Administration Act, 1993
The Justice and Attorney General Act
The Ministry of Justice Regulations, 2016
The Police Act, 1990
The Police Regulations

Financial and Consumer Affairs Authority of Saskatchewan

The Cemeteries Act, 1999
The Collection Agents Act
The Collection Agents Regulations
The Consumer Protection and Business Practices Act
The Credit Union Act, 1998
The Credit Union Regulations, 1999
The Direct Sellers Act
The Direct Sellers Regulations, 1997
The Financial and Consumer Affairs Authority of Saskatchewan Act
The Mortgage Brokers and Mortgage Administration Act
The Mortgage Brokers and Mortgage Administration Regulations

The Provincial Court Act, 1998
The Provincial Court Compensation Regulations
The Public Service Act, 1998
The Purchasing Act, 2004
The Queen's Bench Act, 1998
The Queen's Bench Regulations
The Summary Offences Procedure Act, 1990
The Fine Option Program Regulations, 1991
The Summary Offences Procedure Regulations, 1991
The Victims of Crime Regulations, 1997
The Youth Justice Administration Act
 Orders in Council issued pursuant to the above legislation

Correctional Facilities Industries Revolving Fund

The Correctional Services Act, 2012
The Financial Administration Act, 1993
 Orders in Council issued pursuant to the above legislation

Criminal Property Forfeiture Fund

The Seizure of Criminal Property Act, 2009
The Seizure of Criminal Property Regulations, 2009
The Executive Government Administration Act
 Orders in Council issued pursuant to the above legislation

Public Guardian and Trustee of Saskatchewan

The Administration of Estates Act
The Administration of Estates Regulations
The Adult Guardianship and Co-decision-making Act
The Adult Guardianship and Co-decision-making Regulations
The Children's Law Act, 1997
The Dependent's Relief Act, 1996
The Executive Government Administration Act
The Missing Persons and Presumption of Death Act
The Missing Persons and Presumptions of Death Regulations
The Pension Benefits Act, 1992
The Pension Benefits Regulations, 1993
The Pension Benefits Standard Regulations 1985 (Canada)
The Public Guardian and Trustee Act
The Public Guardian and Trustee Regulations
The Trustee Act, 2009
 Orders in Council issued pursuant to the above Legislation

Queen's Printer Revolving Fund

The Queen's Printer Act
The Queen's Printer Fees Regulations, 2004
The Purchasing Act, 2004
The Executive Government Administration Act
The Financial Administration Act, 1993
 Orders in Council issued pursuant to the above legislation

Law Reform Commission of Saskatchewan

The Law Reform Commission Act
The Executive Government Administration Act
 Orders in Council issued pursuant to the above legislation

Saskatchewan Legal Aid Commission

The Legal Aid Act
The Legal Aid Regulations, 1995
 Orders in Council issued pursuant to the above legislation

The Motor Dealers Act
The Motor Dealers Regulations
The Payday Loans Act
The Payday Loans Regulations
The Pension Benefits Act, 1992
The Pension Benefit Regulations, 1993
The Saskatchewan Insurance Act
The Saskatchewan Insurance Regulations, 2003
The Securities Act, 1988
The Securities Regulations
The Trust and Loan Corporations Act, 1997
The Trust and Loan Corporations Regulations, 1999
The Executive Government Administration Act
 Orders in Council issued pursuant to the above legislation

Office of Residential Tenancies – Director's Trust Account

The Residential Tenancies Act, 2006
The Residential Tenancies Regulations, 2007
The Executive Government Administration Act
The Financial Administration Act, 1993
 Orders in Council issued pursuant to the above legislation

Provincial Mediation Board Trust Accounts

The Provincial Mediation Board Act
The Provincial Mediation Board (Fees) Regulations
The Bankruptcy and Insolvency Act (Canada), Part III and X
Orderly Payments of Debts Regulations
The Tax Enforcement Act, 1993
The Executive Government Administration Act
The Financial Administration Act, 1993
 Orders in Council issued pursuant to the above legislation

Chapter 11

Northern Municipal Trust Account

1.0 MAIN POINTS

Other than the following, the Ministry of Government Relations had effective rules and procedures to safeguard the Northern Municipal Trust Account's public resources. With respect to the Trust Account, the Ministry did not adequately segregate duties of employees responsible for key accounting functions, supervise staff responsible for recording financial information, or prepare timely and accurate bank reconciliations.

Without adequate segregation of duties or supervision of staff, the Ministry faces a higher risk of fraud occurring and of undetected errors in the Trust Account's financial information. In addition, the Ministry risks using inaccurate or incomplete financial information to make decisions and monitor the Trust Account's operations.

The Ministry gave the Legislative Assembly the Trust Account's 2015, 2016, and 2017 annual reports later than timeframes set in *The Executive Government Administration Act*. This was due, in part, to the accounting issues identified above. Not tabling the Trust Account's annual report within the timeframes set in legislation increases the risk that legislators do not have sufficient information to monitor the Trust Account's operations.

The Trust Account's 2017 financial statements are reliable.

2.0 INTRODUCTION

2.1 Background

The Ministry of Government Relations is responsible for administering the Northern Municipal Trust Account. Under *The Northern Municipalities Act, 2010*, the Trust Account has two main purposes:

- To assist northern municipalities in providing quality services to their residents through operating and capital grants (e.g., for funding water and sewer systems to provide residents with access to a safe potable water supply, and municipal facilities and equipment)
- To administer and finance the municipal functions and operations (e.g., provide water) of the Northern Saskatchewan Administration District¹

The Ministry has assigned about 11 full-time equivalent staff, located primarily in La Ronge, to administer the Trust Account.

The Ministry, through the Trust Account, administers all revenues relating to the Northern Saskatchewan Administration District and all moneys appropriated by the Legislature for the purposes of northern revenue sharing and other grant programs. The Trust Account

¹ The Northern Saskatchewan Administration District is a geographical area defined under section 74 of *The Northern Municipalities Regulations* that includes 11 northern settlements and 14 resort subdivisions.



also acts as a municipal operating fund for the unincorporated area in the district (i.e., northern settlements and resort subdivisions).

In addition, the Ministry, through the Trust Account, levies and collects taxes for northern hamlets and northern school divisions. It remits these taxes, upon receipt, to the respective entities.

The Act makes a Cabinet-appointed Board responsible for giving the Minister of Government Relations advice on the allocations of northern operating and capital grants, and changes to laws concerning the Trust Account.

2.2 Financial Overview

Figure 1 provides financial highlights of the Trust Account.

Figure 1 – Financial Highlights

	Actual 2017	Actual 2016
	(in millions)	
Grants from Ministry of Government Relations (General Revenue Fund)	\$ 25.1	\$ 22.0
Taxation Revenue	6.2	5.3
Lease Fees Revenue	4.1	4.2
Revenues – other sources	<u>1.7</u>	<u>3.2</u>
Total Revenues	\$ <u>37.1</u>	\$ <u>34.7</u>
Grants (Northern Revenue Sharing, Water and Sewage, et al)	26.7	23.9
Municipal Services	3.9	3.8
Other expenses	<u>0.8</u>	<u>0.8</u>
Total Expenses	\$ <u>31.4</u>	\$ <u>28.5</u>
Annual Surplus	\$ <u>5.7</u>	\$ <u>6.2</u>
Total Financial Assets (e.g., Cash, Investments, Accounts Receivable)	\$ 52.2	\$ 46.6
Capital Assets (e.g., Water and Sewage, Buildings, Machinery)	5.5	4.9
Total Liabilities	\$ 10.5	\$ 9.0

Source: Adapted from Northern Municipal Trust Account audited financial statements for the year ended December 31, 2017.

3.0 AUDIT CONCLUSIONS

In our opinion, for the year ended December 31, 2017:

- **The Ministry of Government Relations had effective rules and procedures to safeguard the Trust Account’s public resources except for the matters described in this chapter**

- **The Ministry of Government Relations complied with the following authorities governing the Trust Account's activities related to financial reporting, safeguarding public resources, revenue raising, spending, borrowing, and investing except for the matter described in this chapter:**

The Northern Municipalities Act, 2010
The Northern Municipalities Regulations
The Financial Administration Act, 1993
The Executive Government Administration Act
 Orders in Council pursuant to the above legislation

- **The Trust Account had reliable financial statements**

We used standards for assurance engagements published in the *CPA Canada Handbook – Assurance* (including CSAE 3001) to conduct our audit. We used the control framework published by CPA Canada to make our judgments about the effectiveness of Ministry's controls over the Trust Account. 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 effort on certain revenues (e.g., taxation, utility, leases, and fuel sales). We assessed the Ministry's monitoring of lease and land sales revenues that the Ministry of Environment collects on the Trust Account's behalf. We tested the accuracy of tax calculations and fuel sales. In addition, we assessed the reasonability of management's estimates of lease receivables, accrued landfill-decommissioning costs, and contaminated sites liability. We observed fuel inventory on hand at year-end, and assessed whether the Ministry properly recorded the Trust Account's fuel inventory.

4.0 KEY FINDINGS AND RECOMMENDATIONS

In this section, we outline key observations from our assessments and the resulting recommendations.

4.1 Segregation of Incompatible Duties Needed

During 2017, the Ministry did not appropriately restrict user access within its accounting IT system. In addition, it did not adequately segregate duties of staff responsible for receiving money, recording cash receipts, and preparing bank deposits.

While the Ministry restricted access to its accounting system to certain staff, it did not appropriately restrict what users could do within the system. As a result, employees responsible for receiving and depositing money and making payments could also adjust the accounting records. Management told us it plans to better restrict user access in its accounting system in 2018.

In addition, staff are carrying out functions that are not compatible. During the audit, we found six instances where one employee opened the mail, prepared the bank deposit, and recorded the cash received in the accounting records. Management indicated this occurred at various points during 2017 due to staff shortages.



Not appropriately segregating staff duties that are not compatible increases the risk of undetected fraud and error including making inappropriate adjustments to accounting records resulting in errors in the Trust Account's financial information.

1. **We recommend that the Ministry of Government Relations adequately segregate duties of employees responsible for the key accounting functions of the Northern Municipal Trust Account.**

4.2 Closer Supervision of Financial Staff Needed

We recommended that the Ministry of Government Relations require management to carry out a detailed review of quarterly and year-end financial information (e.g., financial reports, journal entries, reconciliations) prepared by the staff responsible for recording Northern Municipal Trust Account financial information. (2015 Report – Volume 1; Public Accounts Committee agreement September 15, 2016)

Status – Not Implemented

During 2017, the Ministry did not adequately supervise staff responsible for various Trust Account financial activities.

Financial information presented for audit was not reviewed in sufficient detail to identify issues. A detailed review is necessary given the Ministry experiences regular turnover of accounting and financial staff assigned to the Trust Account. During the 2017 audit, we identified instances where staff did not follow policies properly, and the draft financial statements presented for audit contained numerous errors. For instance, contrary to Ministry policies, we found:

- Staff did not adequately follow up on the status of the Trust Account's Goods and Services Tax (GST) returns submitted to the Canada Revenue Agency; as of July 2018:
 - The Ministry had not received refunds from Canada Revenue Agency for six of eight of the Trust Account's quarterly 2016 and 2017 GST returns. Staff did not follow up with Canada Revenue Agency on the status of these returns to determine whether the Trust Account's GST receivable related to those returns of \$784,000 at December 31, 2017 was collectible.
 - For the Trust Account's GST returns from 2010 to 2015, staff did not follow up with Canada Revenue Agency to determine the reasons for differences totalling \$126,000 between amounts included on the GST returns submitted, and what the Canada Revenue Agency paid the Trust Account. As a result, staff could not show whether GST receivables of \$126,000 were collectible.
 - For GST returns from 2010 to 2017, staff did not adjust the Trust Account's financial records to reduce its GST receivable based on the Canada Revenue Agency's GST assessments. As a result, the Ministry overstated the Trust Account's GST receivable by \$76,000 at December 31, 2017.

- For 13% (prior year: 46%) of the accounting entries we tested, management did not leave evidence of independent review and approval on the journal entries²
- Staff did not prepare or review monthly bank reconciliations by the end of the following month (see **Section 4.3**).

In addition, we also found the following. Staff did not calculate unearned revenue for leases correctly; recorded a wrong amount to accounts receivable related to water and sewer grants; recorded write off of accounts receivable to the wrong general ledger account; and recorded one transaction related to reduction of a northern revenue sharing grant twice.

Without adequate supervision, the Ministry may not detect and correct, within a reasonable time, errors in the Trust Account's financial records or identify instances where staff are not following key policies and processes.

4.3 Timely Reconciliation of Bank Accounts Needed

We recommended that the Ministry of Government Relations prepare timely and accurate bank reconciliations for the Northern Municipal Trust Account, as its policies require. (2016 Report – Volume 2; Public Accounts Committee agreement March 21, 2017)

Status – Partially Implemented

During 2017, the Ministry did not always reconcile the Trust Account's bank accounts properly and prepared bank reconciliations later than its policies expect.³ At December 31, 2017, the Trust Account held cash of almost \$9.9 million (2016: \$12.9 million).

Contrary to Ministry policy, staff did not always prepare bank reconciliations before the end of the following month—staff prepared 8 of 12 reconciliations late—from 2 to 84 days after the end of the following month (2016: from 9 to 162 days late).

In 2017, management more consistently documented its review and approval of bank reconciliations, and did a better job of resolving differences between the Trust Account's bank account balances and accounting records than in 2016. Only one month during 2017 had a small unresolved difference.

Bank account reconciliations check the accuracy and reliability of the Trust Account's accounting records (e.g., detect unauthorized payments or unrecorded cash receipts). Doing reconciliations on a timely basis enables timely follow up of differences and corrections, increasing the accuracy of financial records.

Without accurate and timely bank reconciliations, the Ministry increases the risk of using inaccurate financial information to make decisions and monitor the Trust Account's operations.

² The Trust Account's policies require management to leave evidence of preparation and independent review on all journal entries.

³ The Trust Account's policies require staff to reconcile the recorded bank balance to the bank's records by the end of the following month.



4.4 More Timely Tabling of Annual Reports Needed

We recommended that the Ministry of Government Relations provide the Northern Municipal Trust Account's annual report to the Legislative Assembly in accordance with timelines set in The Executive Government Administration Act. (2017 Report – Volume 2; Public Accounts Committee agreement October 10, 2018)

Status – Not Implemented

The Ministry did not give the Legislative Assembly the Trust Account's 2015, 2016, or 2017 annual reports within the timeframe required by *The Executive Government Administration Act*.⁴

The Ministry provided the Assembly with the Trust Account's 2015 and 2016 annual reports on October 31, 2016, and September 29, 2017, respectively, and as of August 2018, had not tabled the Trust Account's 2017 annual report. The Act required the Minister of Government Relations to table the Trust Account's annual reports by April 29, 2016, April 30, 2017, and April 30, 2018, respectively.

The Ministry was unable to provide the Assembly with timely annual reports due, in part, to the issues previously identified in this chapter.

Not tabling the Trust Account's annual report within the timelines set in legislation increases the risk that legislators do not have sufficient information to monitor the Trust Account's operations.

4.5 Accurate Quarterly Financial Reports Prepared

We recommended that the Ministry of Government Relations prepare accurate quarterly financial reports for the Northern Municipal Trust Account, as its policies require. (2015 Report – Volume 1; Public Accounts Committee agreement September 15, 2016)

Status – Implemented

During 2017, staff prepared, and senior management approved, quarterly financial reports as required by established policies. The quarterly reports we examined did not contain significant errors.

⁴ Section 13 of *The Executive Government Administration Act* requires the Minister of Government Relations to table the Trust Account's annual report within 120 days after year-end (of December 31).

Chapter 12

Public Service Commission

1.0 MAIN POINTS

In 2017-18, the Public Service Commission had effective rules and procedures to safeguard public resources and complied with authorities governing its activities other than it needs to consistently and promptly remove unneeded user access to its IT systems.

2.0 INTRODUCTION

The Commission is the central human resources agency for ministries in the Government of Saskatchewan. The Commission provides ministries with human resources services including staffing, classification, and strategic support including labour relations and organizational development.¹

As shown in **Figure 1**, in 2017-18, the Commission spent almost \$34 million (2016-17: \$34.5 million) on providing these services.

Figure 1 – Major Programs and Spending

	Estimates 2017-18	Actual 2017-18
	(in millions)	
Central Management and Services	\$ 5.0	\$ 5.4
Human Resources Service Centre	10.9	10.7
Employee Relations and Strategic Human Resources Services	9.9	9.4
Human Resources Consulting Services	<u>8.1</u>	<u>8.1</u>
Total Appropriation	<u>33.9</u>	<u>33.6</u>
Amortization of Capital Assets	0.4	0.3
Capital Assets Acquisitions	-	-
Total Expense	<u>\$ 34.3</u>	<u>\$ 33.9</u>

Source: Public Service Commission, *Annual Report for 2017-18*.

3.0 AUDIT CONCLUSIONS

In our opinion, for the year ended March 31, 2018:

- **Public Service Commission had effective rules and procedures to safeguard public resources other than it needs to remove unneeded user access promptly**

¹ Public Service Commission, *Annual Report for 2017-18*, p. 5.



- **Public Service Commission complied with the following authorities governing its activities related to financial reporting, safeguarding public resources, revenue raising, spending, borrowing, and investing:**

The Public Service Act, 1998
The Public Service Regulations, 1998
The Financial Administration Act, 1993
The Executive Government Administration Act
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) to conduct our audit. We used the control framework published by CPA Canada to make our judgments about the effectiveness of the Commission’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.

We paid particular attention to the Commission’s controls over making payments including its use of procurement cards. This included assessing processes for recording and approving payments made for the purchase of goods and services.

4.0 KEY FINDINGS AND RECOMMENDATION

4.1 Consistent Prompt Removal of User Access Needed

We recommended the Public Service Commission follow its established procedures for removing user access to its computer systems and data.

(2010 Report – Volume 2; Public Accounts Committee agreement June 7, 2011)

Status – Partially Implemented

In 2017-18, the Commission did not consistently request the removal of unneeded user access to its IT systems and data promptly.

By May 2017, the Commission had implemented a new termination checklist to remind staff to request the Ministry of Central Services remove unneeded user access. The Commission made the checklists available on its intranet for all staff to access and use.

For five of eight individuals we tested, the Commission did not promptly request removal of unneeded user access to its IT systems and data. (e.g., MIDAS²)

For two of four individuals we tested, access to the computer network was not removed until 5 and 12 days after their date of last employ.

Not promptly removing user access of former employees increases the risk of inappropriate access to the Commission’s systems and data.

² This includes both MIDAS Financials and MIDAS HR/Payroll. MIDAS is the central application the Commission uses to record and account for its financial activities, including its general ledger, accounts payable, accounts receivable, purchasing and payments, human resources and payroll records, etc.

Chapter 13

Saskatchewan Arts Board

1.0 MAIN POINTS

Saskatchewan Arts Board's 2017-18 financial statements are reliable. In 2017-18, Saskatchewan Arts Board complied with the authorities governing its activities related to financial reporting and safeguarding public resources.

The Arts Board had effective rules and procedures to safeguard public resources except that it did not have written management-approved guidance for staff to follow for accounting for and payment of grants. Not having written guidance for accounting for grants increases the risk of accounting for grants incorrectly or inconsistently.

In addition, the Arts Board improved its processes to make grant payments. During 2017-18, management received approval for grant payments from the Board of Directors before making grant payments.

2.0 INTRODUCTION

The Saskatchewan Arts Board is to cultivate an environment in which the arts thrive for the benefit of everyone in Saskatchewan.¹ It provides grants to various Saskatchewan artists and arts organizations.

2.1 Financial Overview

At March 31, 2018, the Arts Board had net financial assets of \$7.08 million (2017: \$6.34 million) including investments of \$6.15 million (2017: \$5.95 million) and tangible capital assets of \$0.39 million (2017: \$0.41 million). Also at March 31, 2018, it held a permanent collection of artwork worth \$3.26 million (2017: \$3.17 million).

As shown in **Figure 1**, in 2017-18, the Arts Board had revenues of \$9.16 million (including \$6.61 million from the Ministry of Parks, Culture and Sport) and expenses of \$8.44 million resulting in an annual surplus of \$0.72 million.

Figure 1—Revenues and Expenses

	2017-18		2016-17
	Budget	Actual	Actual
	(in millions)		
Provincial Grants	\$ 6.61	\$ 6.61	\$ 6.81
Other Revenues	2.44	2.55	2.98
Total Revenue	9.05	9.16	9.79

¹ The Saskatchewan Arts Board Act.



	2017-18		2016-17
	Budget	Actual	Actual
Grants	6.11	5.69	6.65
Operational and Other Expenses	2.94	2.75	3.05
Total Expense	\$ 9.05	\$ 8.44	\$ 9.70
Annual Surplus	\$ 0	\$ 0.72	\$ 0.09

Source: Saskatchewan Arts Board March 31, 2018 Audited Financial Statements.

3.0 AUDIT CONCLUSIONS

In our opinion, for the year ended March 31, 2018:

- **The Arts Board had effective rules and procedures to safeguard public resources except for the matter described in this chapter**
- **The Arts Board complied with the following authorities governing its activities related to financial reporting, safeguarding public resources, revenue raising, spending, borrowing, and investing:**

The Arts Board Act, 1997
The Arts Board Regulations
 Orders in Council issued pursuant to the above legislation

- **The Arts Board's financial statements are reliable**

We used standards for assurance engagements published in the *CPA Canada Handbook – Assurance* (including CSAE 3001) to conduct our audit. We used the control framework published by CPA Canada to make our judgments about the effectiveness of Arts Board'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.

We examined the Arts Board's financial-related controls used to administer its spending, revenues, and key assets consistent with its related authorities, and its preparation of financial statements in accordance with Canadian generally accepted accounting principles for the public sector. We also assessed the Art's Board governance and controls over its grants, and safeguarding of its permanent collection.

4.0 KEY FINDINGS AND RECOMMENDATIONS

4.1 Approved Written Guidance over Accounting for Grants Needed

The Arts Board does not have written management-approved guidance setting out key procedures for accounting for and payment of grants.

The Arts Board provides significant grant funding to arts organizations, artists, and other art initiatives each year. During 2017-18, it expensed grants of \$5.69 million (2016-17: \$6.65 million), and as of March 31, 2018, had grant payables of \$0.96 million (March 31, 2017: \$0.41 million).

The Arts Board administers about 10 different grant programs (e.g., Professional Arts Organizations Program, SaskFestivals). Each of these programs has a purpose with specific terms and conditions.

Accounting for grants that include conditions requires an in-depth understanding of the relevant accounting standards.² Professional judgment is often required when interpreting and applying those standards to assess how to account for the terms and conditions in grant programs. It involves determining when grants are authorized, what conditions grant applicants have to meet to be eligible for grants, what conditions they must meet to keep the grant, and when to pay the grants.

While the Arts Board has made determinations (e.g., eligibility criteria) about each of its grants programs, it has not documented those determinations, or sought formal management approval of them.

During the last few years, the Arts Board experienced turnover of key accounting staff.

Without written guidance, accounting staff do not have clear direction or information about decisions reached on accounting for grants. Not having written guidance (that management has reviewed and approved) for recording grants increases the risk of misunderstanding, and of recording grants incorrectly or inconsistently.

1. **We recommend that the Saskatchewan Arts Board maintain written management-approved guidance about accounting for and payment of grants.**

4.2 Policies Followed for Making Grant Payments

We recommended that the Saskatchewan Arts Board follow its established policies when making grant payments. (2017 Report – Volume 2; Public Accounts Committee had not yet considered this recommendation as of June 20, 2018)

Status – Implemented

The Arts Board followed its policies when making grant payments during 2017-18. We found that management received approval for grant payments from the Board of Directors before making grant payments.

² Canadian Public Sector Accounting Standards, PS 3410 Government Transfers.

Chapter 14

Saskatchewan Health Authority

1.0 MAIN POINTS

This chapter reports the results of the first annual audit of Saskatchewan Health Authority.

During 2017-18, the Saskatchewan Health Authority was established pursuant to *The Provincial Health Authority Act*. All assets, liabilities, rights, and obligations of the 12 former regional health authorities were assumed, through the amalgamation, by the Saskatchewan Health Authority. The Saskatchewan Health Authority is responsible for the planning, organization, delivery, and evaluation of the health services system for the entire province.

In 2017-18, the Authority signed an interim operating agreement with its IT service provider, eHealth Saskatchewan. The agreement does not outline what type of services must be provided and when, or include security and disaster requirements. Without an adequate service-level agreement, there is a risk that eHealth is not meeting the Authority's IT needs.

The 2017-18 financial statements of the Saskatchewan Health Authority were reliable. In addition, the Authority complied with the authorities governing its activities related to financial reporting, safeguarding public resources, revenue raising, spending, borrowing, and investing.

2.0 INTRODUCTION

The Saskatchewan Health Authority's Cabinet-appointed Board directs its affairs and business.

As set out in **Figure 1**, in 2017-18, the Authority had revenues and expenses of \$4.0 billion, and a deficit of \$5.0 million. During the year, the Authority received over 90% of its revenue from the Ministry of Health. At March 31, 2018, it held assets of \$2.1 billion including capital assets of \$1.6 billion.

Figure 1 – Revenues and Expenses

	Actual 2017-18	Actual 2016-17 (unaudited)
	(in millions)	
Ministry of Health – General Revenue Fund	\$ 3,621	\$ 3,514
Other revenues	401	421
Total Revenues	4,022	3,935
Salaries and benefits	2,523	2,483
Medical remuneration and benefits	349	340
Grants to ambulance services, health care organizations, and affiliates	317	328



	Actual 2017-18	Actual 2016-17 (unaudited)
Medical and surgical supplies	279	270
Amortization	120	122
Other	439	418
Total Expenses	<u>4,027</u>	<u>3,961</u>
Annual Deficit	<u>\$ 5</u>	<u>\$ 26</u>

Source: Saskatchewan Health Authority audited financial statements for the year ended March 31, 2018.

3.0 AUDIT CONCLUSIONS

In our opinion, for the year ended March 31, 2018:

- **The Authority had reliable financial statements**
- **The 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 (effective December 4, 2017)
The Provincial Health Authority Administration Regulations (effective December 4, 2017)
The Regional Health Services Act (until December 4, 2017)
The Regional Health Services Administration Regulations (until December 4, 2017)
The Critical Incident Regulations, 2016
The Special-care Homes Rates Regulations, 2011
The Trustee Act, 2009
The Health Labour Relations Reorganization (Commissioner) Regulations
The Housing & Special-care Homes Regulations
The Executive Government Administrative Act
 Orders in Council issued pursuant to the above legislation

Section 4.0 includes matters that we wish to bring to the attention of legislators.

We used standards for assurance engagements published in the *CPA Canada Handbook – Assurance* (including CSAE 3001) to conduct our audit. The audit included consideration of internal control relevant to the preparation of the financial statements in order to design audit procedures appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control.

The Authority's primary expenses are payroll, goods, and services. Therefore, we examined processes for preparing and processing payroll, and ordering, paying for, and receiving goods and services. In addition, the Authority uses IT systems to operate. We examined the Authority's processes to safeguard financial-related IT systems and data.

4.0 KEY FINDINGS AND RECOMMENDATIONS

4.1 Adequate IT Service-level Agreement Needed

The Authority does not have an adequate service-level agreement with eHealth Saskatchewan, its IT service provider.

IT is an integral part of delivering and managing healthcare services (e.g., lab systems, accounting systems). As of January 2017, the Minister of Health directed eHealth to consolidate IT services that the Saskatchewan Health Authority, Saskatchewan Cancer Agency, and 3sHealth previously provided into a single service. Consequently, during 2017-18, the Authority moved the majority of its IT systems into eHealth's data centre. The Authority expects to migrate remaining IT systems to eHealth in 2018-19 (e.g., IT systems at the former Regina Qu'Appelle Regional Health Authority).

On December 4, 2017, the Authority signed an interim operating agreement with eHealth that was in effect for a period up to June 4, 2018. The agreement included an expectation to develop jointly an interim period plan. This plan was to detail the IT services eHealth is to provide to the Authority along with IT governance processes, risk assessments, human resource plans, and technology and security plans. Also see Chapter 3—eHealth Saskatchewan.

As of May 2018, this plan was not yet complete and remained under development. In addition, the Authority had not established a mechanism to monitor eHealth and hold it accountable for quality and timeliness of services.

We also found that at March 31, 2018, with respect to IT services that eHealth provided to the Authority:

- The Authority had not determined its significant IT risks or defined the IT service requirements it expects eHealth to provide, nor had it formed a governance committee to help guide the strategic IT priorities for IT services that eHealth is to provide.
- eHealth had not developed complete security policies and procedures that the Authority must follow. Such policies and procedures are key to sufficiently protect IT systems in its data centre.
- eHealth had not completed disaster recovery tests for all critical IT systems and data that it hosts; this increases the risk that the Authority may not be able to restore, within a timely manner, its critical IT systems and data (including those related to the delivery of health care) in the event of a disaster. Also see Chapter 3—eHealth Saskatchewan.
- eHealth does not have a consistent patching policy for IT systems resulting in potential system vulnerabilities, and increased risk of IT systems being breached or unavailable when needed.

As of April 1, 2018, eHealth received an additional \$40 million from the Ministry of Health for IT services that eHealth provides to the Authority.¹

¹ Government of Saskatchewan, *2018-19 Estimates*, p. 76.



Adequate service-level agreements make it clear what type of service must be provided, when and at what cost. They outline in detail services to be provided (e.g., help desk services, server maintenance, frequency of applying patches), service availability requirements (e.g., the percentage of time networks will be available), and service delivery targets (e.g., period for creating and removing user accounts). In addition, they identify security and disaster recovery requirements. They set out options available in the event something goes wrong (e.g., data security breach, IT system outage).

Without an adequate service-level agreement, there is a risk that eHealth will not meet the Authority's IT needs.

1. We recommend that the Saskatchewan Health Authority sign an adequate service-level agreement with eHealth Saskatchewan to enable monitoring of the quality and timeliness eHealth's provision of IT services.

4.2 Summary of Implemented Recommendations

The following table summarizes recommendations made in prior year integrated audits at the 12 former regional health authorities that were fully implemented in 2017-18.

Previous Recommendation	Actions Taken in 2017-18
We recommended that the Saskatchewan Health Authority's non-centralized purchasing areas, if any, comply with its purchasing policies (2017 Report – Volume 2; Public Accounts Committee agreement June 13, 2018)	The Authority's non-centralized purchasing areas complied with its purchasing policies. For all six purchases over \$100,000 that we examined, individuals with authorized signing authority approved the purchases.
We recommended that the Saskatchewan Health Authority (formerly Mamawetan Churchill River) establish a process to control overtime costs resulting from calling staff back to work to provide healthcare services outside their assigned shifts. (2013 Report – Volume 2; Public Accounts Committee agreement March 26, 2014)	The former Mamawetan Churchill River Regional Health Authority established and followed its process to control overtime costs resulting from calling staff back to work. ^A Prior to processing payroll, the nurse-in-charge and the supervisor reviewed and approved the weekly timesheets related to call-back expenses.
We recommended that the Saskatchewan Health Authority (formerly Keewatin Yatthé) comply with <i>The Regional Health Services Act</i> when providing funding to healthcare organizations. (2013 Report – Volume 2; Public Accounts Committee agreement March 26, 2014)	The former Keewatin Yatthé Regional Health Authority has complied with <i>The Provincial Health Authority Act</i> (formerly <i>The Regional Health Services Act</i> up to December 4, 2017) when providing funding to healthcare organizations. Written agreements were in place prior to providing funding to a healthcare organization in the first quarter of 2017-18. Keewatin Yatthé did not provide funding to any healthcare organizations for the remainder of 2017-18 as new agreements were not signed.
We recommended that the Saskatchewan Health Authority (formerly Regina Qu'Appelle) follow its established procedure for removing unneeded user access to its computer systems and data. (2015 Report – Volume 2; Public Accounts Committee agreement June 13, 2018)	The former Regina Qu'Appelle Regional Health Authority followed its established procedures and removed IT user access promptly. Regina Qu'Appelle requires managers to notify the payroll department within five days of an employee's termination to have unneeded access removed. In 2017-18, based on our testing, Regina Qu'Appelle significantly

Previous Recommendation	Actions Taken in 2017-18
	<p>improved the time to request the removal of access to the scheduling and time management system.</p> <p>We found for 29 of the 30 individuals tested, Regina Qu'Appelle requested the removal within the expected 5 days. For one individual, management made the request 10 days after the last day of employ. Previously, we found it took Regina Qu'Appelle up to 47 days to request the removal of access to the scheduling and time management system.</p>

^A A call back is when an employee is brought back to duty during a standby duty period. The employee is deemed to be working overtime for the time worked with a guaranteed minimum payment of two hours on each occasion of call back.

5.0 SUMMARY OF CONTROL-RELATED RECOMMENDATIONS NOT ASSESSED IN 2017-18

We plan to determine the status of the implementation of the recommendations listed in the table below in conjunction with the 2019 audit of Saskatchewan Health Authority's effectiveness of control. These recommendations are those outstanding from the 2016-17 integrated audits at former regional health authorities.

Previous Outstanding Recommendation	Status of Recommendation at March 31, 2017
We recommended that the Saskatchewan Health Authority (formerly Regina Qu'Appelle) implement an internal audit function. (2008 Report – Volume 3; Public Accounts Committee agreement December 8, 2008)	Not implemented
We recommended that the Saskatchewan Health Authority (formerly Regina Qu'Appelle) establish adequate disaster recovery plans and test those plans to ensure their effectiveness. (2009 Report – Volume 3; Public Accounts Committee agreement June 18, 2010)	Partially implemented
We recommended that the Saskatchewan Health Authority (formerly Mamawetan Churchill River) establish adequate disaster recovery plans and test those plans to ensure their effectiveness. (2009 Report – Volume 3; Public Accounts Committee agreement June 18, 2010)	Not implemented
We recommended that the Saskatchewan Health Authority (formerly Mamawetan Churchill River) establish information technology policies and procedures based on a threat and risk analysis. (2004 Report – Volume 3; Public Accounts Committee agreement October 26, 2005)	Partially implemented
We recommended that the Saskatchewan Health Authority (formerly Cypress) monitor the security controls of its information technology systems and data. (2008 Report – Volume 3; Public Accounts Committee agreement December 8, 2008)	Partially implemented
We recommended that the Saskatchewan Health Authority (formerly Cypress) configure its computer systems and data to protect them from external threats including theft or loss. (2008 Report – Volume 3; Public Accounts Committee agreement December 8, 2008)	Partially implemented
We recommended that the Saskatchewan Health Authority (formerly Prince Albert Parkland) restrict physical access to information technology systems and data. (2011 Report – Volume 1; Public Accounts Committee agreement August 28, 2012)	Partially implemented

Chapter 15

Saskatchewan Indian Gaming Authority Inc.

1.0 MAIN POINTS

During 2017-18, the Saskatchewan Indian Gaming Authority Inc. (SIGA) had effective rules and procedures to safeguard public resources other than it needs to better protect its IT systems and data by periodically reviewing user access to them. Lack of regular and timely reviews of IT user access increases the risk of unauthorized access to and inappropriate modifications of systems and data.

SIGA complied with the authorities governing its financial-related activities and its 2017-18 financial statements are reliable.

2.0 INTRODUCTION

2.1 Background

SIGA is a non-profit corporation established under *The Non-profit Corporations Act, 1995*. Its members are the Federation of Sovereign Indigenous Nations (FSIN), the Tribal Councils of Saskatchewan, and independent First Nations.

SIGA, under licences issued by the Saskatchewan Liquor and Gaming Authority, operates seven casinos located on First Nations reserves. They are: Bear Claw Casino, Dakota Dunes Casino, Gold Eagle Casino, Gold Horse Casino, Living Sky Casino, Northern Lights Casino, and Painted Hand Casino.^{1,2} SIGA's casino operations include slot machines, ancillary operations (i.e., gift shops, restaurants, lounges, and a hotel), and table games operations.

As required by the *Criminal Code* (section 207), Saskatchewan Liquor and Gaming Authority is responsible for the overall conduct and management of the slot machines in SIGA's casinos.

Revenue from the slot machines belongs to the Saskatchewan Liquor and Gaming Authority. SIGA and the Saskatchewan Liquor and Gaming Authority have signed the Casino Operating Agreement that sets the calculation of slot machine revenue belonging to the Saskatchewan Liquor and Gaming Authority.³

¹ SIGA expected Gold Horse Casino to open in November 2018.

² In 2002, the Government of Saskatchewan and the FSIN signed the 2002 Framework Agreement. It allows for the development and operation of casinos in Saskatchewan within the parameters of the *Criminal Code* (Canada). In 2017, the Government of Saskatchewan and the FSIN extended the 2002 Framework Agreement to June 11, 2037.

³ SIGA and the Saskatchewan Liquor Gaming Authority signed a Casino Operating Agreement effective from June 11, 2002 to June 11, 2027. Under this Agreement, the Saskatchewan Liquor and Gaming Authority allows SIGA to deduct from slot machine revenues reasonable costs incurred in accordance with the operating policies approved by the Saskatchewan Liquor and Gaming Authority.



2.2 Financial Overview

At March 31, 2018, SIGA held assets of \$190 million (2017: \$173 million), including capital assets of \$122 million (2017: \$103 million), and had liabilities of \$192 million (2017: \$177 million), including long-term debt of \$31 million (2017: \$36 million). For the year ended March 31, 2018, its net casino profit was \$86 million (2017: \$83 million). **Figure 1** shows the net casino profits SIGA made during the last five years by type.

Figure 1 – SIGA Financial Results for the Five-Year Period from 2014 to 2018

Year Ended March 31	2018	2017	2016	2015	2014
	(in millions)				
Slot machines operations profit	\$ 95.8	\$ 92.2	\$ 97.5	\$ 96.5	\$ 94.2
Ancillary operations loss	(9.4)	(9.2)	(9.0)	(10.2)	(10.7)
Table games operations loss	(1.8)	(1.9)	(2.2)	(2.2)	(3.3)
Unrealized gain (loss) on interest rate swaps ^A	1.8	1.7	0.8	(1.0)	2.1
Net casino profit	\$ 86.4	\$ 82.8	\$ 87.1	\$ 83.1	\$ 82.3

Source: 2013-14 to 2017-18 SIGA audited financial statements

^A Unrealized gain (loss) on interest rate swaps is the amount of change in the fair value of the swaps in a fiscal year.

3.0 AUDIT CONCLUSIONS

Our Office worked with Deloitte LLP, the appointed auditor, to carry out the audit of SIGA. We followed the framework in the *Report of the Task Force on Roles, Responsibilities and Duties of Auditors*.⁴

In our opinion, for the year ended March 31, 2018:

- **SIGA had reliable financial statements**
- **SIGA complied with the following authorities governing its activities related to financial reporting, safeguarding public resources, revenue raising, spending, borrowing, and investing:**

The Non-profit Corporations Act, 1995
The Non-profit Corporations Regulations, 1997
The Alcohol and Gaming Regulation Act, 1997
The Gaming Regulations, 2007
Proceeds of Crime (Money Laundering) and Terrorist Financing Act (Canada)
Proceeds of Crime (Money Laundering) Suspicious Transaction Reporting Regulations (Canada)
 2002 Framework Agreement (June 11, 2002)
 2002 Casino Operating Agreement (June 11, 2002)
 Terms and Conditions for SIGA Table Games (issued by Indigenous Gaming Regulators Inc.)⁵
 SIGA Slot Machine Operating Procedures and Directives (issued by Saskatchewan Liquor and Gaming Authority)
 SIGA Operating Policies and Directives (issued by Saskatchewan Liquor and Gaming Authority)
 SIGA Bylaws

⁴ See our website at www.auditor.sk.ca.

⁵ Indigenous Gaming Regulators Inc. is an institution of the FSIN; it licenses and regulates on-reserve charitable gaming in Saskatchewan including table games at SIGA casinos.

- **SIGA had effective rules and procedures to safeguard public resources except for the IT matter described in this chapter**

We used the control framework published by CPA Canada (including CSAE 3001) to make our judgments about the effectiveness of SIGA'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 SIGA operates in the casino industry, it processes a significant number of cash transactions and holds a significant amount of cash in its casinos. As a result, the audit paid particular attention to SIGA's controls for managing cash in its casinos. This included assessing its processes for approving and recording transactions, and monitoring staff compliance with established procedures to safeguard cash. Also, because SIGA relies on IT to manage its operations, the audit included assessing its controls over key IT service providers, IT security, change management processes, and user access.

4.0 KEY FINDING AND RECOMMENDATION

4.1 Review of User Access Needed

We recommended that Saskatchewan Indian Gaming Authority Inc. perform regular reviews of its computer application user accounts. (2010

Report – Volume 2; Public Accounts Committee agreement January 20, 2011)

Status – Partially Implemented

SIGA did not follow its established policies to annually review user access to its key IT applications (e.g., financial system, casino management system). SIGA did not complete IT user access reviews for its key IT applications in 2017-18. It last completed reviews for some, but not all, of its key IT applications in 2015-16.

SIGA plans to complete user access reviews for its financial system and casino management system in 2018-19.

Timely reviews of IT user access determine whether access granted is consistent with each employee's job responsibilities and is appropriate. Lack of regular and timely reviews of IT user access increases the risk of unauthorized access to and inappropriate modifications of systems and data.

Chapter 16

Saskatchewan Liquor and Gaming Authority

1.0 MAIN POINTS

During 2017-18, the Saskatchewan Liquor and Gaming Authority had effective rules and procedures to safeguard public resources other than management needs to review, in detail, quarterly and year-end financial information.

The Authority did not adequately review detailed support for financial transactions. As a result, the draft financial statements and supporting information presented for audit contained numerous inaccuracies. For example, the draft financial statements did not always match supporting documentation, and incorrectly accounted for certain transactions.

The Authority implemented, in 2017-18, two of our prior recommendations. It prepared and approved monthly bank reconciliations timely and accurately. The Authority also completed its procedures for responding to IT security incidents.

The 2017-18 financial statements of the Authority and its wholly owned subsidiary, SLGA Retail Inc., are reliable. Also, the Authority and SLGA Retail Inc. complied with the authorities governing their activities related to financial reporting, safeguarding public resources, revenue raising, spending, borrowing, and investing.

2.0 INTRODUCTION

The Saskatchewan Liquor and Gaming Authority operates under *The Alcohol and Gaming Regulation Act, 1997*. The Authority is responsible for distributing and regulating liquor and gaming products, and the regulation of liquor, gaming, and cannabis.¹

The Authority distributes liquor to retail store permittees who sell liquor to the public. It also operates government-owned retail liquor stores through its wholly-owned subsidiary SLGA Retail Inc.²

In addition, the Authority owns and operates all video lottery terminals (VLTs) located in the province and owns and manages all slot machines located at Saskatchewan Indian Gaming Authority Inc. (SIGA) casinos.

3.0 FINANCIAL OVERVIEW

As shown in **Figure 1**, in 2017-18, the Authority had consolidated revenues of just over \$1.0 billion, expenses of \$0.6 billion, and comprehensive income of almost \$0.5 billion. At March 31, 2018, the Authority held consolidated assets and liabilities each of about

¹ Saskatchewan Liquor and Gaming Authority, *Saskatchewan Liquor and Gaming Authority – Plan for 2017-18*, (2018).

² SLGA Retail Inc. was established under Order in Council 423/2016. It was incorporated under *The Business Corporations Act* as a wholly-owned subsidiary of the Authority on September 28, 2016, and began operations on October 9, 2016.



\$0.3 billion. The Authority's 2017-18 Annual Report includes its consolidated financial statements.

Figure 1 – Key Financial Results for 2017-18 by Segment

	Liquor	VLTs	Slot Machines in SIGA Casinos	Other Gaming ^A	Total
	(in millions)				
Total Revenues ^B	\$ 640.9	\$ 224.4	\$ 223.2	\$ 0.5	\$ 1,089.0
Total Expenses	387.1	54.8	136.9	15.4	594.2
Total Comprehensive Income (Loss)	\$ 253.8	\$ 169.6	\$ 86.3	\$ (14.9)	\$ 494.8

Source: Saskatchewan Liquor and Gaming Authority's 2017-18 audited consolidated financial statements.

^A Other gaming segment reflects the licensing and support of charitable and religious organizations that conduct and manage bingos, casinos, and raffles and the regulation and support of the horse racing industry.

^B Including other comprehensive income/loss.

4.0 AUDIT CONCLUSIONS

In our opinion, for the year ended March 31, 2018:

- **The Authority had effective rules and procedures to safeguard public resources except for the matter described in this chapter**
- **The Authority complied with the following authorities governing its and SLGA Retail Inc.'s activities related to financial reporting, safeguarding public resources, revenue raising, spending, borrowing, and investing:**

The Alcohol and Gaming Regulation Act, 1997
The Alcohol Control Regulations, 2016
The Executive Government Administration Act
The Environmental Management and Protection Act, 2010 (section 40)
The Environmental Management and Protection (General) Regulations (section 12)
The Financial Administration Act, 1993
The Gaming Regulations, 2007
The Liquor and Gaming Authority Employee Code of Conduct Regulations
The Liquor Consumption Tax Act³

The Customs Tariff Act (Canada)
Excise Act (Canada) (schedule I, II and II.1)
Excise Tax Act (Canada) (section 188)
Excise Tax Act, 2001 (Canada) (schedule 4-6)
Criminal Code of Canada (section 207)
 Orders in Council issued pursuant to the above legislation
 2002 Framework Agreement, as amended
 2002 Casino Operating Agreement, as amended
 Western Canada Lottery Corporation Operating Agreement
 Indigenous Gaming Regulators Licensing Agreement

- **The Authority and SLGA Retail Inc. each had reliable financial statements**

We used standards for assurance engagements published in the *CPA Canada Handbook – Assurance* (including CSAE 3001) to conduct our audit. We used the control framework published by CPA Canada to make our judgments about the effectiveness of the 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.

³ Effective October 9, 2016, SLGA Retail Inc. is responsible to impose and collect Liquor Consumption Tax (LCT); SLGA remits LCT on behalf of SLGA Retail Inc.

The audit included examining the Authority's financial-related controls used to administer revenues and expenses, safeguard assets, keep reliable financial records consistent with related authorities, prepare reliable financial reports/statements, monitor SIGA's operations, and oversee and account for the VLT progressive jackpot program introduced in 2017-18. This included evaluating its significant IT systems and processes including controls over new online services and system upgrades. The audit also assessed the work of the Authority's Gaming Integrity Branch and Audit Services Branch related to compliance with legislation over liquor and gaming activities in the province.

In addition, the audit included assessing the impact of changes to the liquor retailing system on the Authority's controls over inventory; property, plant, and equipment; and severance expense. It included assessing the appropriateness of accounting for significant related party transactions with SLGA Retail Inc., the accuracy of year-end consolidation adjustments and elimination of inter-entity transactions, and the impact of accounting standards that came into effect April 1, 2018 (e.g., IFRS 15). Furthermore, it included assessing the reasonableness and accounting for changing its accounting estimate for VLTs and slots from a five-year useful life to a six-year useful life.

5.0 KEY FINDINGS AND RECOMMENDATIONS

5.1 Detailed Review of Financial Transactions Needed

During the 2017-18 audit, the Authority did not adequately review detailed support for financial transactions leading to errors in the financial statements presented for audit.

Reviewing financial transactions includes agreeing amounts to detailed support as well as considering appropriateness of accounts and business units impacted by the transactions. Review also includes assessing overall reasonableness of financial transactions and records. A more in-depth review is necessary for new transactions or areas where changes occur. In 2017-18, the Authority was changing its liquor retailing structure, and accounting for a recently incorporated subsidiary in addition to routine changes in staffing and in responsibilities of staff.

During the audit, we identified the following concerns with the accuracy of the draft financial statements and supporting information presented for audit:

With respect to the Authority's draft financial statements:

- Warehouse inventory recorded in the Authority's financial records and draft financial statements was \$10.7 million less than the amount recorded in its perpetual inventory system.⁴ We note that the Authority later identified this discrepancy and brought it to our attention during the audit to discuss appropriate accounting treatment.
- Some transactions were accounted for incorrectly; for example, \$1.0 million was recorded as cost of sales (expense) instead of as a reduction of trade and other payables; \$2.9 million was recorded as salaries, wages, and benefits expense instead of as a reduction of trade and other payables; as a result, trade and other payables were overstated by almost \$5.0 million.

⁴ Comprised of a \$3.03 million overstatement of inventory and \$13.7 million understatement of inventory.



- Amounts recorded in the draft financial statements did not always match supporting documentation; for example, the Authority had recorded a \$7.5 million payable for environmental surcharge and container deposits held on liquor sales whereas supporting documents showed no amounts were owed.
- The Authority's trial balance accompanying the draft financial statements was out of balance by \$0.3 million. In addition, some amounts in the trial balance did not agree with amounts in the draft financial statements; for example, trade and other payables differed by \$5.1 million and inventory differed by \$1.2 million.

With respect to SLGA Retail Inc.'s draft financial statements:

- Accounting entries, albeit approved, overstated the \$506.4 million payable to the Authority by \$149.7 million.

Management appropriately corrected each set of financial statements for key identified errors prior to finalizing them.

With respect to schedules prepared to assist the Ministry of Finance in its preparation of the Summary Financial Statements:

- The Authority did not have support for its projection of contractual rights to SIGA slot revenue of \$790 million overstating contractual rights by an estimated \$395 million.⁵ The Authority had not documented its process to project this amount, prepared a formal forecast, or obtained forecasts from SIGA to support its projection.

Not reviewing financial information with adequate detail or sufficient attention increases the risk of errors occurring and going undetected. In addition, not detecting and correcting errors in interim and year-end financial reports within a reasonable time may result in management making decisions based on inaccurate financial information.

1. **We recommend that Saskatchewan Liquor and Gaming Authority management carry out detailed reviews of quarterly and year-end financial information to supporting documents (e.g., reconciliations, journal entries, financial reports).**

5.2 Preparation and Review of Bank Accounts Reconciliations More Timely

We recommended that Saskatchewan Liquor and Gaming Authority prepare and approve timely and accurate bank reconciliations, as its policies require. (2017 Report – Volume 2; Public Accounts Committee agreement June 13, 2018)

Status – Implemented

During 2017-18, the Authority reconciled its bank accounts timely and accurately as its policies require. At March 31, 2018, the Authority had cash totalling about \$1.3 million in five bank accounts and petty cash.

⁵ For years six to ten.

The Authority's policy requires staff to reconcile the bank balance in its financial records to the bank's records within four weeks of month-end.⁶ It requires management to review bank reconciliations within two weeks of completion.

During 2017-18, the Authority started tracking actual dates that bank reconciliations are completed and approved. Tracking enables staff to better monitor whether reconciliations are prepared and approved within the expected timeframe.

For the 18 bank reconciliations we tested, all were prepared, and all but one were reviewed within the expected timeframes.

Proper bank account reconciliations check the accuracy and reliability of the Authority's accounting records (e.g., detect unauthorized payments or unrecorded cash receipts) and can identify bank errors, if any. Doing timely reconciliations and timely reviews of reconciliations enables timely follow up of differences and corrections increasing the accuracy of financial and banking records. Accurate and timely bank reconciliations reduce the risk of having inaccurate financial information to make decisions.

5.3 Policies and Procedures for Responding to IT Security Incidents Complete

We recommended that Saskatchewan Liquor and Gaming Authority develop information technology security policies and procedures for monitoring information technology security. (2013 Report – Volume 2; Public Accounts Committee agreement December 9, 2013)

Status – Implemented

During 2017-18 the Authority approved a policy for assessing security incidents and a plan for responding to them. It has contracted a service provider to monitor its network for security incidents during the year.

The Authority's IT Security Incident Response Policy requires it to identify the type of incident and severity, design an incident response plan, and communicate the incident with other staff of the Authority. The policy includes guidance for determining severity and for communicating security incidents.

The Authority's Security Incident Response Plan sets out criteria to assess incidents including a ranking scale to evaluate severity. Based on this assessment, it determines which stakeholders need to be involved and the level of support needed. During 2017-18 the Authority developed an incident response plan specific to malicious software and completed a testing exercise.

Clear IT security processes for responding to security incidents reduces the risk of inappropriate responses and not using staff time and resources efficiently. Properly responding to IT security issues reduces the risk of unauthorized access to IT systems and data without detection.

⁶ The liquor account is to be reconciled within five weeks of month-end.

Chapter 17

Social Services

1.0 MAIN POINTS

This chapter reports the results of our annual audit of the Ministry of Social Services and its three special purpose funds for the year ended March 31, 2018.

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

- Have an effective process to identify and disclose contractual obligations it expects to pay in the future
- Properly support and approve social assistance payments to ensure eligible clients receive the correct amount of assistance
- Receive and review performance reports from third-party service providers timely

Each fund complied with authorities governing their activities and their 2017-18 financial statements are reliable.

2.0 INTRODUCTION

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. The Ministry provides support through income assistance, child and family services, supports for people with disabilities, providing safe and affordable housing, and building capacity in community-based organizations.¹

2.1 Financial Overview

In 2017-18, the Ministry spent \$1.1 billion on delivering its programs (see **Figure 1**). The Ministry is funded through its appropriations (money from the General Revenue Fund). It also had revenues totalling about \$45.2 million primarily from Federal Government transfers (e.g., special allowances for children in care).² The Ministry's *Annual Report for 2017-18* provides further details and reasons for differences between planned and actual results.³

Figure 1 – Major Programs and Spending

	Estimates 2017-18 ^A	Actual 2017-18
	(in millions)	
Central Management and Services	\$ 49.1	\$ 48.9
Income Assistance and Disability Services	795.6	786.4

¹ Ministry of Social Services, *Annual Report for 2017-18*, p. 3. publications.gov.sk.ca/documents/15/107657-2017-18SocialServicesAnnualReport.pdf (9 September 2018).

² *Ibid*, pp. 14.

³ *Ibid*, pp. 14-17.



	Estimates 2017-18 ^A	Actual 2017-18
	(in millions)	
Child and Family Services	256.3	277.1
Client Support	12.4	12.4
Housing	<u>7.7</u>	<u>7.0</u>
Total Appropriation	<u>1,121.2</u>	<u>1,131.9</u>
Capital Asset Acquisitions	(2.1)	(0.4)
Capital Asset Amortization	6.1	5.4
Total Expense	<u>\$ 1,125.2</u>	<u>\$ 1,136.9</u>

Source: Ministry of Social Services, *Annual Report for 2017-18*, p. 15.

^A During 2017-18, the Ministry received a budget increase of \$29 million to address higher utilization of Child and Family Services, and Income Assistance and Disability Services, as well as costs associated with the response to northern forest fires. Government of Saskatchewan, *17-18 Supplementary Estimates No. 1*, p. 14.

2.2 Crown Agency and Special Purpose Funds

The Ministry is responsible for the Saskatchewan Housing Corporation, which has a December 31 year-end. We reported the results of our 2017 audit of the Saskatchewan Housing Corporation in our *2018 Report – Volume 1*.

The Ministry is also responsible for the following funds with March 31 year-ends:

Social Services Central Trust Account
 Social Services Valley View Centre Grants and Donations Trust Account and
 Institutional Collective Benefit Fund
 Social Services Valley View Centre Residents' Trust Account

3.0 AUDIT CONCLUSIONS

In our opinion, for the year ended March 31, 2018:

- **The Ministry had effective rules and procedures to safeguard public resources except for the matters described in this chapter**
- **The Ministry complied with the following authorities governing its and each of its funds' activities related to financial reporting, safeguarding public resources, revenue raising, spending, borrowing, and investing except for the matter described in this chapter:**

The Child and Family Services Act
The Child and Family Services Regulations
The Child Care Act, 2014
The Child Care Regulations, 2015
The Social Services Administration Act
The Social Services Rehabilitation Institutional Collective Benefits Funds and Trust Account Regulations
The Department of Social Services Central Trust Account Regulations

The Saskatchewan Assistance Act
The Disability Housing Supplement Regulations
The Employment Supplement Regulations
The Personal Care Home Benefit Regulations
The Rental Housing Supplement Regulations
The Saskatchewan Assistance Regulations, 2014
The Saskatchewan Assured Income for Disability Regulations, 2012
The Transitional Employment Allowance Regulations, 2005

The Rehabilitation Act
The Rehabilitation Regulations
The Vocational Rehabilitation Regulations
The Residential Services Act
The Private-service Homes Regulations
The Residential-service Facilities Regulations
The Saskatchewan Assistance Act

The Saskatchewan Income Plan Act
The Seniors Income Plan Regulations
The Executive Government Administration Act
The Ministry of Social Services Regulations, 2007
The Financial Administration Act, 1993
 Orders in Council issued pursuant to the above
 legislation

➤ **The financial statements of each fund are reliable**

We used standards for assurance engagements published in the *CPA Canada Handbook – Assurance* (including CSAE 3001) to conduct our audit. We used the control framework published by CPA Canada to make our judgments about the effectiveness of the Ministry'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.

We focused our Ministry audit effort on the following areas:

- Administration of the various programs (e.g., Saskatchewan assistance program, Saskatchewan assured income for disability) as prescribed by the legislation and policy manuals
- User access, change management, and recovery processes for key IT systems
- Process for identifying and recording contractual obligations
- Reasonableness of method used to calculate the outstanding contingent liabilities

4.0 KEY FINDINGS AND RECOMMENDATIONS

4.1 Process to Identify and Disclose Contractual Obligations Needed

The Ministry does not have an effective process to identify and disclose its contractual obligations. Contractual obligations are amounts that the Ministry expects to pay in the future.⁴

The Ministry maintains a contract database of all the agencies with which it has contracts, and the total amount of each contract. We found that the Ministry did not identify all significant contractual amounts in the contract database it expects to pay in the future.

At March 2018, the Ministry had over 100 contracts (each worth over \$500,000) with third-party service providers. At March 31, 2018, the Ministry expected to pay over \$473 million to these third-party service providers over the next three years.

The Ministry did not properly disclose contractual obligations with third-party service providers worth \$299 million in its financial records as of March 31, 2018. When

⁴ CPA Canada Public Sector Accounting Handbook, PS 3390 Contractual Obligations defines contractual obligations as obligations of a government to others that will become liabilities (amounts owed) in the future when the terms of those contracts or agreements are met.



management subsequently corrected its financial records, it overcorrected them by \$16 million.

Without having an effective process to identify the existence and amount of contractual obligations, the Ministry may not have complete and accurate information on commitments to make future decisions. Incomplete and inaccurate information on future obligations increases the risk of not estimating future funding needs accurately.

1. **We recommend that the Ministry of Social Services implement a process to appropriately identify and disclose contractual obligations in its financial records.**

4.2 Social Assistance Payments need to be Supported and Properly Approved

We recommended that the Ministry of Social Services follow its established processes that ensure only eligible clients receive assistance and that they receive the correct amount of assistance. (2000

Report – Volume 3; Public Accounts Committee agreement June 6, 2001)

Status – Partially Implemented

The Ministry's employees do not always follow the Ministry's legislation or detailed policies and procedures for making payments to social assistance clients.

Legislation outlines benefits that the Ministry may pay to eligible clients (e.g., reasonable costs for funeral expenses).⁵ The Ministry's detailed policies and procedures further define the benefits. The Ministry expects staff to review and approve support for assistance payments to ensure only eligible clients receive the correct amount of assistance.

In 2017-18, 61% of 44 files we tested (2016-17: 63%) had assistance payments that were not appropriately approved in accordance with policy (e.g., approved when payment not properly supported). For example, the following did not have appropriate support:

- 30% of files (2016-17: 53%) with allowances. For example, in one instance, a client received a travel allowance without appropriate documentation (i.e., appointment card from medical facility or receipts).
- 25% of files (2016-17: 67%) with utility arrears. For example, in one instance, the Ministry paid the utility arrears without adequate documentation (i.e., utility bill or disconnection notice).
- 18% of files (2016-17: 43%) with funeral expenses. For example, in one instance, the Ministry reimbursed the client's family without adequate documentation (i.e., invoice for funeral services).

The lack of compliance with Ministry legislation and policies could result in the Ministry paying clients incorrect amounts of social assistance.

⁵ *The Saskatchewan Assistance Act* and regulations.

4.3 Further Improvements in Supervision of Third Party Service Providers Needed

We recommended that the Ministry of Social Services perform timely reviews on all the performance information submitted by the community-based organizations. (2007 Report – Volume 3; Public Accounts Committee agreement January 8, 2008)

Status – Partially Implemented

The Ministry does not receive or review all the required reports from community-based organizations (i.e., third-party service providers) in a timely manner. The Ministry also does not complete and review the annual financial analysis reports for third-party service providers within expected deadlines.

At March 2018, the Ministry had service agreements with approximately 200 third-party service providers. During 2017-18, the Ministry paid these service providers about \$273 million (2016-17: \$257 million).⁶ The Ministry uses these service providers to provide services to at-risk residents of Saskatchewan who experience social, psychological, behavioural and cognitive difficulties. They also provide programs for persons with developmental disabilities, and the elderly.

As shown in **Figure 2**, the Ministry requires third-party service providers, through its service agreements, to submit various reports (e.g., operational and financial) within specified timeframes.

Figure 2—Lateness of Receipt of Reports of Third-party Service Providers

Type of Report Submitted	Deadline – Number of Days After Organization's Period/Year End ^A	% of Organizations with Late Reports	
		2017-18	2016-17
Quarterly financial report	30	23	18
Quarterly operational (e.g., program evaluation reports)	30	11	37
Annual financial statements	120	17	40
Annual operations report	120	10	20

Source: Ministry of Social Services agreements with third-party service providers and records.

^AThird party service providers' year-end can be either March 31 or December 31.

For all of the 30 third-party service providers we tested, the Ministry received the required reports. However, as shown in **Figure 2**, some third-party service providers continued to submit the reports later than the deadlines set out in the agreements.

Management noted that the Ministry has set a target to have 90% of the reports (quarterly and annual) submitted within the targeted deadlines (or inversely, 10% of the reports may be late). The Ministry will begin assessing compliance against this target in 2018-19.

⁶ Ministry of Social Services, *Annual Report for 2017-18*, p. 15.



The Ministry uses the third-party service providers' annual financial statements to prepare an annual financial analysis report for each service provider. The Ministry aims to complete its review of the annual financial analysis reports of the service providers by November 30.

For 30 annual financial analysis reports we tested, the Ministry reviewed 60% of them after its deadline (lateness ranged from 10 to 55 days).

Not receiving or reviewing the reports from third-party service providers in a timely manner increases the risk that the Ministry may not be able to identify issues and take the necessary corrective action timely (e.g., adjust future funding).

Chapter 18

Teachers' Superannuation Commission – Teachers' Dental Plan

1.0 MAIN POINTS

This chapter reports the results of the annual audit of the Teachers' Dental Plan for the year ended June 30, 2018.

The Teachers' Superannuation Commission had effective rules and procedures to safeguard the Plan's public resources other than it needs to reconcile dental claims approved to dental claims paid, and to prepare financial statements for the Plan.

During the year, the Commission complied with authorities governing the Plan's activities related to financial reporting, safeguarding public resources, revenue raising, spending, borrowing, and investing.

2.0 INTRODUCTION

The Teachers' Superannuation Commission manages and administers the Teachers' Dental Plan. The Plan provides Saskatchewan teachers and their dependents with coverage for certain dental services. The Commission uses an insurance company (service provider) to help administer the Plan.

The Ministry of Education (through the General Revenue Fund) pays for all of the dental services covered through the Plan. During 2017-18, the Commission paid \$12.6 million (2016-17: \$12.5 million) for teacher dental claims and related administrative costs.

3.0 AUDIT CONCLUSIONS

In our opinion, for the year ended June 30, 2018:

- **The Teachers' Superannuation Commission had effective rules and procedures to safeguard the Plan's public resources except for the matters included in this chapter**
- **The Teachers' Superannuation Commission complied with the following authorities governing the Plan's activities related to financial reporting, safeguarding public resources, revenue raising, spending, borrowing, and investing:**

The Teachers' Dental Plan Act
The Teachers' Superannuation and Disability Benefit Act
The Financial Administration Act, 1993
 Orders in Council issued pursuant to the above legislation

We used standards for assurance engagements published in the *CPA Canada Handbook – Assurance (CSAE 3001)* to conduct our audit. We used the control framework published



by CPA Canada to make our judgments about the effectiveness of the Commission'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 dental payments made to members are a significant audit area, we tested a sample of dental payments to verify the eligibility and accuracy of the claims and compliance with governing authorities.

4.0 KEY FINDINGS AND RECOMMENDATIONS

In this section, we outline key observations from our assessments and the resulting recommendations.

4.1 Reconciliation Process for Dental Payments in Progress but Not Yet Complete

We recommended that the Teachers' Superannuation Commission have adequate support for dental payments. (2009 Report – Volume 1; Public Accounts Committee agreement September 1, 2009)

Status – Partially Implemented

During 2017-18, the Commission continued to work with its service provider to obtain financial data necessary to determine the extent of dental claims the service provider approved and paid to teachers. This financial data would help the Commission determine how much it owes for approved dental claims.

Its service provider processes about 57,000 dental claims each year on behalf of the Commission. The Commission reimburses the service provider for claims it has approved and paid.

In June 2017, the Commission approved a project charter for the development of a dental reconciliation system. The Commission intends to use this system to reconcile dental claims approved to dental claims paid. During 2017-18, the Commission continued to work on the development of the reconciliation system.

As of June 2018, the Commission had not completed the development of the system. Management indicated this was due to competing priorities for staff time and resource constraints. The Commission plans to implement this system in 2018-19.

Without reconciling dental claims approved to claims paid, the Commission has not verified what the Plan owes for approved dental claims. As a result, the Commission cannot prepare adequate interim financial reports and year-end financial statements—see **Section 4.2** for related recommendation.

4.2 Reporting Improvements Awaiting Completion of Reconciliation Process

We recommended that the Teachers' Superannuation Commission establish complete and written guidance for preparing interim and year-end financial reports. (2008 Report – Volume 1; Public Accounts Committee agreement June 17, 2008)

Status – Partially Implemented

We recommended that the Teachers' Superannuation Commission annual report include the financial statements of each benefit plan the Commission administers. (2008 Report – Volume 1; Public Accounts Committee agreement June 17, 2008)

Status – Partially Implemented as it relates to the Teachers' Dental Plan

The Dental Plan is the only one of its active benefit plans for which the Commission does not publish financial statements or prepare interim financial reports.^{1,2} Also, at June 2018, the Commission managed the Plan on a cash basis because, as described in **Section 4.1**, it does not have sufficient financial data to manage it on accrual basis.

Management notes that after the Commission establishes the dental reconciliation process described in **Section 4.1**, it plans to:

- Complete written guidance for preparing interim and year-end financial reports for the Plan.
- Prepare financial statements for the Plan and include them in the Commission's Annual Report. The Commission expects to be able to prepare financial statements starting in 2019-20.

Without adequate interim and year-end financial reports, the Commission does not have sufficient financial information to make informed decisions about the Plan.

¹ The Commission prepares financial statements for the Teachers' Superannuation Plan and the Teachers' Group Life Insurance Plan.

² Consistent with prior years, the Commission provides summarized financial information about the Plan in its Annual Report.

Chapter 19

Water Security Agency

1.0 MAIN POINTS

Other than the need for a complete and tested business continuity plan, the Water Security Agency had effective rules and procedures to safeguard public resources as at March 31, 2018. The Agency's 2017-18 financial statements are reliable; it complied with authorities governing its activities related to financial reporting, safeguarding public resources, revenue raising, spending, borrowing, and investing.

Without a complete and tested business continuity plan, the Agency may not be able to effectively monitor water quality or water levels throughout the province if its IT systems and data are unavailable.

2.0 INTRODUCTION

The Agency is responsible for managing the water supply, protecting water quality and ensuring safe drinking water, managing dams and water supply channels, reducing flood and drought damage, and providing information on water.¹

At March 31, 2018, the Agency held financial assets (e.g., cash, amounts owed) of \$80.9 million, tangible capital assets of \$381.7 million, and had liabilities of \$45.9 million. In 2017-18, the Agency had an annual surplus of \$2.8 million; comprised of revenue of \$45.5 million and expenses of \$42.7 million.²

3.0 AUDIT CONCLUSIONS

Our Office worked with Deloitte LLP, the appointed auditor, to carry out the audit of the Agency. We followed the framework in the *Report of the Task Force on Roles, Responsibilities and Duties of Auditors*.³

In our opinion, for the year ended March 31, 2018:

- **The Agency had effective rules and procedures to safeguard public resources except for the need for a complete and tested business continuity plan**
- **The Agency complied with the following authorities governing its activities related to financial reporting, safeguarding public resources, revenue raising, spending, borrowing, and investing:**

The Water Security Agency Act
The Water Security Agency Regulations
The Water Power Act
The Water Power Regulations

¹ Water Security Agency, *2017-18 Annual Plan*, p. 3.

² The Water Security Agency's *2017-18 Annual Report* can be found at www.wsask.ca/About-WSA/Publications/Water-Security-Agency-Annual-Reports/ (27 August 2018).

³ See our website at www.auditor.sk.ca/.



The Crown Employment Contracts Act
The Executive Government Administration Act
The Financial Administration Act, 1993
Orders in Council issued pursuant to the above legislation

➤ **The Agency had reliable financial statements**

We used standards for assurance engagements published in the *CPA Canada Handbook – Assurance* (including CSAE 3001) to conduct our audits. We used the control framework published by CPA Canada to make our judgments about the effectiveness of the Agency'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.

4.0 KEY FINDING AND RECOMMENDATION

4.1 Business Continuity Plan Not Complete

We recommended that the Water Security Agency implement and test a business continuity plan. (2010 Report – Volume 2; Public Accounts Committee agreement January 20, 2011)

Status – Partially Implemented

In 2017-18, the Agency made limited progress on implementing this recommendation.

The Agency uses IT systems to monitor water quality and inspection data, provide real-time information on water levels throughout the province, manage financial information, and track key information about its capital assets (e.g., asset condition, inspection results, maintenance).

By March 31, 2018, the Agency continued not to have a complete and tested business continuity plan. Without a complete and tested plan, it is at risk of IT systems and data not being available.

Chapter 20

Summary of Implemented Recommendations

1.0 MAIN POINTS

This chapter provides an update on recommendations related to our annual integrated audits or IT audits that were implemented and are not discussed elsewhere in the Integrated Audits Section of this Report.

2.0 SUMMARY OF IMPLEMENTED RECOMMENDATIONS

Figure 1 sets out, by agency, the recommendation and highlights key actions taken by each agency to implement its recommendation.

Figure 1 – Implemented Recommendations

Past Recommendation (Initial PAS Report, Date of Agreement of PAC or CCAC) ^A	Key Actions Taken During 2017-18 to Implement Recommendation
Ministry of Government Relations	
We recommended that the Ministry of Government Relations document and implement procedures to ensure unneeded user access to its information technology systems and data is removed promptly. (2012 Report – Volume 2; Public Accounts Committee agreement January 13, 2014)	<p>In December 2017, the Ministry improved its processes to monitor timely removal of user access.</p> <p>It required its Corporate Services Division to follow up with individual branches when it did not receive notification of upcoming staff departures in accordance with its policy.^B We found that it did so with responsible branches.</p> <p>This process, combined with its continued emphasis on removing users timely, resulted in significant improvement from previous years in the timely removal of unneeded user access. From January to June 2018 we found no instances of untimely removal of access to significant IT systems and data (prior year: 23 employees whose access was not removed until 1 to 336 days after departure).</p>
Ministry of Parks, Culture and Sport	
We recommended that the Ministry of Parks, Culture and Sport follow its established procedures and promptly remove unneeded user access to its computer systems and data. (2014 Report – Volume 2; Public Accounts Committee agreement September 17, 2015)	During 2017-18, the Ministry consistently used its review of weekly reports to identify staff that had left the Ministry, and confirm their user access was removed. Our testing of user access found access of users (that had left the Ministry who had access to significant IT systems and data) was removed timely.
Public Service Commission – Administering the Government’s Key Human Resources/Payroll Information Technology System	
We recommended that the Public Service Commission follow its established procedures for reviewing payroll reports prior to making payroll payments. (2017 Report – Volume 1; Public Accounts Committee agreement October 3, 2018)	During 2017, Commission staff regularly reviewed payroll reports prior to paying employees, as its procedures require. In addition, it monitored the timeliness of its reviews and took corrective action when needed.



Past Recommendation (Initial PAS Report, Date of Agreement of PAC or CCAC)^A	Key Actions Taken During 2017-18 to Implement Recommendation
Saskatchewan Water Corporation	
We recommended that Saskatchewan Water Corporation implement and test a business continuity plan. (2012 Report – Volume 1; Standing Committee on Crown and Central Agencies agreement March 12, 2014)	During 2017-18, SaskWater sufficiently completed its business continuity plan. It successfully tested its plan in March 2018. Maintaining and periodically testing a sufficient business continuity plan helps to ensure its IT systems and data are available to deliver business-critical services when needed.

^A PAS = Provincial Auditor of Saskatchewan

PAC = Standing Committee on Public Accounts

CCAC = Standing Committee on Crown and Central Agencies

^B The Ministry policy requires branches to send notification of upcoming staff departures to its Corporate Services branch at least five working days prior to the employee's departure date.



Performance Audits

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Chapter 21

Carlton Trail College—Equipping the Board with Competencies to Govern

1.0 MAIN POINTS

In order for a board to be effective, it needs to possess or obtain a collective set of competencies.

Carlton Trail College had effective processes, other than the three following areas, to equip its Board with the necessary competencies to govern. The Board of the College needs to decide how often to reassess desired and existing board competencies and evaluate the effectiveness of its board governance. It needs to identify when other methods such as training and using external expertise would assist in addressing these competency gaps. Carlton Trail College also needs to develop guidance on making timely recommendations of potential board members to the Ministry of Advanced Education. This would enable the Ministry to recommend members for vacant positions to Cabinet whose expertise would fill identified gaps sooner.

Not being aware of gaps in board competencies and not addressing them increases the risk of weakened or ineffective board governance.

2.0 INTRODUCTION

2.1 Carlton Trail Regional College

Carlton Trail College is one of seven Saskatchewan regional colleges. It was established under *The Regional Colleges Act*.

Carlton Trail maintains offices in Humboldt, Watrous, and Wynyard. It employs over 40 administrative and program-delivery staff, along with instructional staff for a wide variety of programs such as Adult Basic Education and industry specialties (e.g., construction, agriculture, power engineering), and teaching staff, as needed.¹ Carlton Trail College's budgeted revenues for 2017-2018 were \$7.3 million.²

Management of the College is responsible for the day-to-day operations of the organization.

A Cabinet-appointed Board oversees the College and can establish policies for the College's administration, personnel, operations, and courses, with the oversight of the Ministry of Advanced Education.³ Carlton Trail's website has detailed biographies of each board member.⁴ *The Regional Colleges Act* does not permit Cabinet to appoint members to more than two consecutive terms.

¹ www.carltontrailcollege.com/about-us/our-story (25 April 2018).

² Carlton Trail College, *Multiyear Business Plan 2017-2020*, p. 32.

³ Sections 12 and 13 of *The Regional Colleges Act*.

⁴ www.carltontrailcollege.com/ (17 August 2018).



At June 2018, the Board of Carlton Trail was comprised of seven members. Cabinet first appointed four of the current seven members in September 2011, one in April 2014, and two in May 2018. Each of these members served past their term for at least one of their appointments.

2.2 Importance of Effective Board Governance

Well-managed organizations are typically well-governed organizations. Effective oversight of management helps an organization to achieve its objectives. Boards provide this oversight through governance.

Effective governance of public sector agencies helps them operate within their legislative mandate, provide services to the public in an efficient and effective manner, and monitor risks.

Effective governance of a regional college is of particular importance given the role of education in our society. The post-secondary education sector plays a critical role in educating people to be successful, and, as a result, supporting our economy.

Attributes of individual board members and the commitment of board members strongly influences how well boards are able to carry out their governance duties. Today, well-governed boards know what attributes (competencies) they should collectively possess to govern, know what attributes they possess, and take action to fill identified gaps.

Competencies necessary to govern refer to the board members' knowledge, skills, and experiences and include areas such as leadership skills, industry experience, financial expertise, legal expertise, and IT expertise.

Not being aware of gaps in board competencies and not addressing them increases the risk of weakened or ineffective board governance.

3.0 AUDIT CONCLUSION

We concluded that, for the 12-month period ended June 30, 2018, Carlton Trail College had effective processes, except in the following areas, to equip its Board with the necessary competencies to govern. The Board of Carlton Trail College needs to:

- **Establish clear requirements for periodic reassessment of desired and existing board competencies and reassess how often it evaluates the effectiveness of its board governance**
- **Identify and incorporate alternatives such as training or external expertise into plans to address identified competency gaps**
- **Develop guidance on making timely recommendations of potential board members to the Ministry of Advanced Education**

Figure 1—Audit Objective, Criteria, and Approach

Audit Objective: to assess the effectiveness of Carlton Trail College’s processes, for the 12-month period ending June 30, 2018, to equip its Board of Directors with the necessary competencies to govern.

Audit Criteria:

Processes to:

- 1. Determine board competencies necessary to govern**
 - 1.1 Assess regional college operating environment and impact on competency requirements (e.g., roles and responsibilities, knowledge, specific skill sets needed)
 - 1.2 Identify board competencies necessary to govern given environment (i.e., collectively and for each board member)
 - 1.3 Periodically reassess necessary competencies
- 2. Identify gaps between necessary and existing board competencies**
 - 2.1 Maintain information on board competencies (collectively and for each board member)
 - 2.2 Compare existing board competencies to necessary board competencies
 - 2.3 Communicate gaps
- 3. Implement the plan to address gaps in board competencies**
 - 3.1 Identify alternative methods for addressing competency gaps (e.g., training, external experts)
 - 3.2 Take steps to address gaps in board competencies (e.g., provide orientation, training and development opportunities, or access to external assistance, for board members in accordance with the plan)
 - 3.3 Monitor whether gaps are addressed (e.g., through periodic board evaluations)
 - 3.4 Adjust the plan as required

Audit Approach:

To conduct this audit, we followed the standards for assurance engagements published in the *CPA Canada Handbook – Assurance (CSAE 3001)*. To evaluate Carlton Trail College’s processes, we used the above criteria based on our related work, reviews of literature including reports of other auditors, and consultations with management. **Section 5.0** includes key sources for these criteria. Management agreed with the above criteria.

We examined the College’s policies and procedures that relate to board competencies. We interviewed relevant staff responsible for assisting and equipping the board with necessary competencies. We reviewed board minutes and other documentation related to board competencies. We also compared competencies and practices to other sources of good practice.

4.0 KEY FINDINGS AND RECOMMENDATIONS

4.1 Desired Board Competencies to Govern Mostly Determined

The College has documented and agreed upon which competencies that it expects its Board members to possess to effectively govern the College. Those competencies are, for the most part, consistent with those set out in best practice for boards governing post-secondary institutions.

The College set out the desired competencies of its Board in a competency matrix. Its matrix sets out competencies that individual board members should possess to govern the College as well as competencies for the Board as a whole.

As **Figure 2** shows, the matrix groups competencies into the following four categories: character attributes, functional skills, sector knowledge, and diversity.

**Figure 2—Board Competency Matrix**

Character Attributes	Functional Skills	Sector Knowledge Experience	Diversity
Personal attributes	Financial literacy	Financial – Accounting Expertise	Female
Ethics and integrity	Leadership	Educational Sector	Male
Business judgment	Strategic planning	Labour Relations	Aboriginal
Team player	Board of Directors	Trades Sector	Visible minority
Strong reasoning skills	Risk management	Business and Commerce	North (part of college region)
Capable of wide perspective	Human resources	Natural Resource Sector	Central (part of region)
Competencies		Economic Development	South (part of region)
Operations/technical		Information Technology	Urban
Business management			Rural

Source: Adapted from Competency Matrix from Carlton Trail College.

The College developed its board competency matrix in 2016 and updated it in 2017. It used related templates from the Ministry of Advanced Education and information from a Canadian organization specializing in governance practices and providing governance training to various Saskatchewan educational institutions.

The College designed the matrix to enable board members to self-assess their current level of competencies against the desired level of competencies for areas within each of the categories.

We found the design of the matrix facilitates ready identification of areas of strength and gaps in competencies of the Board.

In addition, we found the matrix possessed almost all competencies desired of a well-governing board of a post-secondary institution. We found it was consistent with the Board's general operating principles, roles, and responsibilities of the board members as set out in the College's board charter, bylaws, and policies. The matrix did not specifically list a few areas suggested by either the Ministry or other good practice. These areas include communication skills, general legal expertise, knowledge of how the government operates, or sector knowledge in the areas the College offers training (e.g., health care). However, it captured the key competencies needed.

4.2 Frequency of Assessments of Board Competency Not Set and Governance Assessments Too Often

Carlton Trail College did not set out the frequency of assessing board competencies. Carlton Trail College assessed the collective competencies of the current Board solely for board recruitment purposes.

Carlton Trail College assesses its governance practices three times a year. Good practice indicates that annual governance self-assessments would be sufficient.

The College keeps its policies related to board development, board competencies and skills, board member recruitment, and evaluation of board governance properly approved and up to date.

Consistent with the College's Board Recruitment Policy, the Board self-assessed, in October 2017, its competencies to govern using the College's board competency matrix (see **Figure 2**). The Board Recruitment Policy requires an assessment of the current board member competencies against the matrix to determine desired competencies to seek when recruiting new board members. The Policy does not set out how often this reassessment should occur.

In addition, consistent with its Board Evaluation Policy, as **Figure 3** shows, the Board does two types of self-assessments each year. The primary purpose of these assessments is to evaluate how well the Board is governing the College.

Figure 3—Carlton Trail College Board Self-Assessments of its Governance

Internally-facilitated assessment of governance practices: Twice per year, it formally identifies areas of strength and gaps in its governance practices (e.g., use of data to inform decisions, effectiveness of board meetings).

Externally facilitated assessment of governance: Once a year, each board member answers an online survey about the Board's governance (e.g., questions about board members' awareness of specific expectations of the Board, knowledge of the College's bylaws and policies). An independent consultant summarizes the results for the Board.

Source: Adapted from Carlton Trail College information and staff interviews.

While not the primary purpose, these evaluations of board governance assess several (e.g., leadership and strategic planning) but not all key areas of the Board's competencies (e.g., financial skills).

In its competency self-assessment in October 2017, the Board identified a few competency gaps (e.g., financial literacy, risk management, labour relations). In addition, the annual governance self-assessments we reviewed indicate the Board thinks it governs effectively, and has only a few areas of governance to enhance.

Periodic board evaluations of governance and competencies can provide members with valuable insight as to whether they have the knowledge, skills and abilities to govern effectively and are doing a good job governing. Because board members of regional colleges serve for up to a maximum of two three-year terms, periodically assessing both desired and existing board competencies is important.⁵ Those periodic assessments allow a board to verify that, as a whole, it has the competencies needed to govern, and to determine whether it has appropriately addressed identified gaps.

Good practice recognizes the overlap between assessing board competencies and evaluating the effectiveness of board governance. It suggests periodic evaluations of competencies of the existing board and renewal of desired competencies, and annual evaluations of board governance.

⁵ *The Regional Colleges Act (Act)* requires Cabinet (through the Lieutenant Governor in Council) to appoint between four and seven members to the board of each of the seven regional colleges in Saskatchewan (for Northland College between four and ten members). It appoints each director from the area the college serves for a three-year term, and cannot reappoint individual members for more than two consecutive terms.



Not having clear requirements on how often to specifically assess board competencies may lead to lack of awareness of gaps in competencies of the existing Board, and not developing a plan to address them resulting in weakened governance.

Having a board self-assess its governance too often may result in assessments becoming a mechanical process and diminishing their value. This is particularly true when results of assessments indicate governance practices generally work and do not identify many areas requiring improvement.

1. **We recommend that Carlton Trail College's Board set clear requirements on how often to reassess desired versus existing competencies.**
2. **We recommend that Carlton Trail College's Board reassess how often it evaluates the effectiveness of its governance.**

4.3 Planning to Address Competency Gaps Needed

Carlton Trail College does not consider the results of its assessment of board competencies when developing plans to improve board governance. Recruitment of new board members is the Board's main plan to address identified gaps in competencies of the Board.

Even though board competencies and the quality of governance are interdependent, the College did not explicitly consider the results of its October 2017 competency assessment of the Board when developing its annual Improvement Plan or in selecting board development activities. The annual Improvement Plan sets out specific actions to improve its governance of the College. Actions included confirming meeting dates well in advance to ensure board member attendance, having its strategic planning remain student-focused, and ongoing professional development for the Board.

The Board discusses the results of its annual self-assessments of board governance at its regular meetings. It incorporates results into its annual Improvement Plan.

The Board actively monitored its progress in improving its governance. Twice a year, the Board reviews whether it is on target in achieving its Improvement Plan, or if there is a potential or confirmed concern.

The College orients new board members as they are appointed. We found that the College drafted a new orientation package in 2018. The orientation package includes key:

- Legislation (e.g., *The Regional Colleges Act* and Regulations)
- Planning documents (i.e., Business Plan, Strategic Plan)
- Documents about its operating environment and business (e.g., annual report, organizational chart, Carlton Trail College website)

We found this orientation package sufficiently robust. Management indicated it expects to augment this package with face-to-face orientation for new members in fall 2018.

In addition, the Board has set general expectations for professional development of board members. The Board Charter identifies a minimum requirement for each board member to participate in at least one training session annually, and additional education as identified by the Board. The Board Development Policy indicates board members are to encourage and facilitate personal development. Board members can choose the training they would like to take. The College makes a training budget available to the Board.

We found that all existing board members (with exception of the two members appointed in May 2018) had obtained their Governor Development Certification.⁶ Each attended at least 30 hours of professional development in a three-year period to maintain this Certification. We also noted that in each of the three years we reviewed (2016 to 2018), the Board did not spend the entire board's training budget. This was consistent with its focus on fiscal restraint.

However, while we noted management and board members shared and discussed training opportunities for board members at regular meetings, we did not find the Board specifically discussed its identified competency gaps, or plans to address them (other than its plans to consider them when targeting new board members). For example, the Board did not identify additional or focused training for its members to address the gaps or use of external expertise to assist the Board when overseeing areas in which it felt it (as a whole) did not have a sufficient level of competencies.

In addition, we did not see where the Board considered how training taken by its members reduced identified competency gaps. We found little correlation between training taken and existing competency gaps. For example, the National CiCan Conference that the board members attended in April 2018 focused on leadership and risk management but had no content on financial literacy. The Board identified the competency of financial skills as a gap in early 2017 when a board member, with an expired term, resigned, and again in its October 2017 assessment. Also, per our review of the board minutes and discussions with members, the Board did not engage any external experts to fill competency gap areas.

In May 2018, Cabinet appointed two new board members. We found that the new board members possess some of the competencies identified as gaps in the October 2017 assessment (e.g., financial literacy). Unfilled identified competency gaps include sector knowledge (e.g., economic development, IT, and natural resource sectors).

Using periodic board recruitment as the primary way to address identified competency gaps may result in the Board governing without a sufficient level of those competencies for a certain period of time. For example, board members identified the need for additional financial literacy skills in early in 2017, and only obtained a new member with these skills in May 2018.

Good practice recognizes actions to improve board governance include those to strengthen the competencies of the members and the Board as a whole. Furthermore, good practice notes that focused training and/or the use of external experts are ways to address competency gaps, in addition to recruiting board members possessing the missing competencies. Relying primarily on member recruitment to strengthen board competencies increases the risk of a board operating without a sufficient level of needed

⁶ www.professionaldirector.com/about-us (16 July 2018).



expertise, for a long period of time, which may affect the quality of its governance and decision making.

3. We recommend that Carlton Trail College's Board have a strategy to address identified gaps in board competencies.

4.4 Timely Recruitment of Potential Board Members Needed

Carlton Trail College did not provide timely potential board member recommendations to the Ministry of Advanced Education to facilitate the timely appointment of board members. The College does not have sufficient written guidance on the board member recommendation process.

By law, Cabinet appoints members to the boards of colleges. The Ministry of Advanced Education assists Cabinet in its appointment of members. The Ministry expects colleges to recommend potential board members (either new members or reappointment of existing members for a second term) for Cabinet's consideration. Members can serve past their term until they resign or are reappointed. By law, Cabinet cannot appoint members to the Board for more than two consecutive three-year terms.⁷

While the College has a Recruitment Policy, it does not provide guidance on the board member recruitment process (e.g., what steps to undertake and when). Rather it focuses on the identification of competencies that new board members should possess.

We found the College and its Board had a clear understanding that it was expected to identify potential board members even though it did not have written guidance on the recommendation process.

However, as shown in **Figure 4**, the College did not initiate its recruitment process early enough to enable recommending potential members to the Minister of Advanced Education prior to the expiry of board terms. It initiated its latest recruitment process in September of 2017 after the vacancy of two positions and the expiry of terms of two members.

Figure 4—Timing of Steps Taken to Identify and Recommend Potential Board Members in Latest Recruitment

Steps	When Carlton Trail College Board Last Took Action
Complete board competency matrix to identify gaps (Per Recruitment Policy)	Initially assessed competencies (areas of strength and gaps) of the existing Board in September 2017 and completed in October 2017
Seek potential board members using results of assessment of competencies	Advertised board vacancies in local newspapers in January 2018. Advertisements emphasized desired competencies including gaps identified.
Screen interested potential board members	Reviewed submitted resumes to identify candidates with the desired and appropriate skills and knowledge. Interviewed selected board candidates in January and February 2018.

⁷ Section 7 of *The Regional Colleges Act* sets out the appointment of board members.

Steps	When Carlton Trail College Board Last Took Action
Recommend its choices to the Ministry of Advanced Education for consideration	Gave the Ministry of Advanced Education its recommendations for potential board members in March 2018. The Board reinforced the importance of staggering the terms of board members.

Source: Adapted from Carlton Trail College information and staff interviews.

As shown in **Figure 5**, since 2011, members of the College's Board have routinely served past their terms or resigned upon completion of their term but prior to their replacement. In addition, since 2011 when it replaced five Board members, Cabinet has reappointed most members for a second term.

As of June 2018, Cabinet had appointed five of the seven current board members for a second term. It initially appointed four of these members in September 2011, and one in April 2014. For three of these members (including the board chair), the second three-year term expired in April 2017; one member resigned in June 2018; the second three-year term of the remaining member expires in January 2019.

Not having a clear timeline of when to start the recruitment process of potential board members causes delays in appointing new members and causes members to serve past their terms. Timely recruitment helps ensure terms of board members are staggered, and members do not feel obligated to serve once their term has expired.

4. We recommended that Carlton Trail College's Board develop guidance on making timely recommendations of potential board members to the Ministry of Advanced Education.

Figure 5—Board membership from 2011 to June 2018

Appointment Date	Board Member 1	Board Member 2	Board Member 3	Board Member 4	Board Member 5	Board Member 6	Board Member 7
September 2011 appointment	Appointed	Appointed	Appointed	Appointed	Appointed	Vacant	Vacant
September 2013 – April 2014	Serving past term	Serving past term	Term not expired	Term not expired	Term not expired	Vacant	Vacant
April 2014 appointment	Reappointed	Reappointed	Term not expired	Term not expired	Term not expired	Appointed	Appointed
September 2014 – January 2016	Term not expired	Term not expired	Serving past term	Vacant (resigned Sept 2014 end of term)	Serving past term	Term not expired	Term not expired
January 2016 appointment	Term not expired	Term not expired	Reappointed	Vacant	Reappointed	Term not expired	Term not expired
April 2017 – April 2018	Serving past term	Serving past term	Term not expired	Vacant	Term not expired	Vacant (resigned April 2017 end of term)	Serving past term
May 2018 appointment	Serving past term	Serving past term	Term not expired	Replacement appointed	Term not expired	Replacement appointed	Reappointed
June 2018	Serving past term	Serving past term	Term not expired	Term not expired	Resigned (term expires in January 2019)	Term not expired	Term not expired

Source: Adapted from Carlton Trail College Board information.



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Chapter 22

Saskatchewan Arts Board – Awarding Grants Impartially and Transparently

1.0 MAIN POINTS

One way the Saskatchewan Arts Board supports the arts in Saskatchewan is through awarding grants to professional artists, professional arts organizations, and communities. It awards between \$6 million and \$8 million in grants each year.

The Arts Board had, other than the following areas, effective processes to award grants impartially and transparently for the 18-month period ended June 30, 2018.

To improve impartiality, the Arts Board needs to obtain signed agreements from peer evaluators before it gives them grant application packages, and record the time of conflict of interest absences in its meeting minutes. This decreases the risk of potential disclosure of confidential information, and better shows appropriate handling of declared conflicts.

To improve transparency, the Arts Board needs to:

- Set the frequency of its formal reviews of major grant programs, and track the receipt and resolution of complaints. Tracking of complaints enables identifying common themes to consider when reviewing and updating grant programs.
- Document how its uses and selects independent assessors (type of peer evaluators used for unique genres of art), and develop detailed written guidance on scoring grant applications. This promotes openness of the Arts Board processes to award grants and assists in scoring applications equitably and transparently.

2.0 INTRODUCTION

2.1 Arts Impact Communities

Art has many forms from visual arts to performing arts. Forms of art include painting, sculpture, literature, architecture, music, dance, theater, photography, and films.

The arts can positively impact the development of local communities and social networks, and contribute to innovation within a community.¹ Statistics Canada estimates the direct economic impact of culture products at \$915 million in Saskatchewan in 2016, or 1.3% of provincial GDP.²

In addition, research shows that 82% of Canadians believe engagement with the arts leads to good health and well-being.³ Research also states that 95% of Canadians believe

¹ Creative City Network of Canada, *Arts and Positive Change in Communities*, (2005), p. 2.

² Statistics Canada, *Provincial and Territorial Culture Indicators, 2016*, (2018), www.statcan.gc.ca/dailyquotidien/180227/dq180227a-eng.htm (06 March 2018).

³ Strategic Counsel, *Building the Case for Business Support of the Arts*, (2015). www.businessforthearts.org/wpcontent/uploads/2015/04/Business-Support-for-the-Arts-%E2%80%93-Making-the-Case.pdf (31 July 2018).



that arts experiences are a valuable way of bringing together people from different languages and cultural traditions.⁴

2.2 Importance of Arts Board Supporting Artists Fairly and Transparently

The Saskatchewan Arts Board is the oldest public arts funder in North America.⁵ A Cabinet-appointed Board of Directors, of which at least one-third the arts community has nominated, governs it.

As shown in **Figure 1**, the Arts Board’s mission is to recognize, encourage, and support the arts to enrich community well-being, creativity, diversity, and artistic prosperity.⁶

Figure 1 – The Saskatchewan Arts Board Vision, Mission, Values, and Strategic Goals

Vision:

- A creative society where the arts and artistic expression play a dynamic role and are accessible to everyone in Saskatchewan.

Mission:

- The Saskatchewan Arts Board recognizes, encourages, and supports the arts to enrich community well-being, creativity, diversity, and artistic prosperity.

Values:

- Excellence—We support artists, organizations and communities striving for excellence in the arts.
- Diversity—We are committed to supporting artists and arts activities that are reflective of the diversity of Saskatchewan.
- Adaptability—We support artists and arts organizations as they pursue new and innovative practices.
- Accountability—Our policies and processes are transparent and reflect a commitment to effective stewardship of the public trust we hold.
- Leadership—We strive to lead through consultation, collaboration, responsiveness, and advocacy.

Strategic goals for 2016-19:

- Goal 1: Champion of the arts. The Arts Board will take a leadership role in fearlessly advocating for Saskatchewan art and artists.
- Goal 2: Art-and-artist-centred. The Arts Board will ensure responsible and responsive delivery of relevant programs and services.
- Goal 3: Public Engagement. Our work will enrich the quality of life of the peoples of Saskatchewan by supporting access to and increasing appreciation and understanding of the arts in the province.

Source: Saskatchewan Arts Board, *2016-19 Strategic Plan*, pp. 2 and 4.

One of the ways the Arts Board supports artists is through awarding grants. The Arts Board uses public money to provide grants. The Arts Board receives the majority of its money from the Ministry of Parks, Culture, and Sport (General Revenue Fund).

Figure 2 sets out the seven major grant programs (shaded in grey) and other grant initiatives that the Arts Board has awarded to professional artists, professional arts organizations, and communities over the last six years.^{7,8} Each year, the Arts Board awards between approximately \$6 million to \$8 million in grants.

In 2016-17, the 61 organizations that received grants from the Arts Board presented 5,324 exhibitions and performances to almost 1.4 million people.⁹

⁴ Environics Research Group, *Arts and Heritage Access and Availability Survey 2016-2017*, (2017), p. 34.

⁵ Saskatchewan Arts Board, *2016-19 Strategic Plan*, (2016), p. 4.

⁶ Saskatchewan Arts Board, *2016-2017 Annual Report*, (2017), p. 5.

⁷ Professional artists have completed training in their discipline through formal studies or apprenticeships, maintain a professional practice, and display or present their work in a manner recognized by peers in their art form.

⁸ Professional arts organizations have a professional arts mandate in the areas of research, creation, production, presentation, exhibition, publishing, and the development of professional artists or community engagement.

⁹ www.saskartsboard.com/menu/about/who-we-are.html (06 March 2018).

Figure 2—Grant Expense by Program for 2013-2018^{A,B}

Program	Frequency of Adjudication Session 2018	Fiscal Year					
		2018	2017	2016	2015	2014	2013
		(in thousands)					
Professional Arts Organizations Program	Biennial	\$3,312	\$3,925	\$3,645	\$3,642	\$3,917	\$3,179
SaskFestivals	Triennial						
SaskFestival project	Annual	761	761	771	842	891	778
Independent Artists	Semi-annual	697	695	695	675	675	875
Indigenous/ Métis Art and Artists	Semi-annual	200	200	200	200	200	181
Artists in Communities	Annual	375	375	415	495	665	555
Artists in Schools	Annual	258	250	265	300	254	261
Scholarships	Annual	25	22	25	25	25	25
Culture on the Go	NA	---	331	268	300	282	511
Other granting initiatives	Various	70	105	162	---	343	1,867
Grants returned		(6)	(12)	(76)	(151)	(30)	(42)
Total		\$5,692	\$6,652	\$6,370	\$6,328	\$7,222	\$8,190

Source: Saskatchewan Arts Board Annual Reports for fiscal years 2013-2018.

^A Saskatchewan Arts Board fiscal year is from April 1 to March 31.

^B Grey shaded cells reflect major grant programs.

Each year, the Arts Board receives about 400 grant applications for its different programs. Typically, the Arts Board can fund between one-fifth to one-quarter of them. To treat applicants fairly, the Arts Board uses a peer adjudication process to decide whom to award grants.

Good grant administration includes using strong processes for assessing eligibility for funding and prioritizing funding applicants as necessary. To be transparent, the process must be well defined and understandable to interested applicants, and the basis of decisions well documented, and communicated. To be impartial, peer adjudication processes typically use suitably skilled, knowledgeable, and objective peer evaluators (e.g., jurors and independent assessors) for each adjudication session.¹⁰ Jurors are peer arts professionals who evaluate grant applications and can recommend funding. Independent assessors provide specialized expertise that supplements the work of a jury (i.e., to provide comments and score a project with a specialized discipline).

Not having good grant administration increases the risk of awarding grants to applicants that do not contribute to the intended outcome of a particular grant program, and of grants viewed as not being awarded impartially or transparently. In addition, not having a transparent and fair process of adjudicating grants may jeopardize the Arts Board's reputation and diminish public trust.

¹⁰ Office of the Auditor General Western Australia, *Grant Administration Report 16*, (2016), pp. 4 and 6.



3.0 AUDIT CONCLUSION

We concluded that for the 18-month period ended June 30, 2018, the Saskatchewan Arts Board had, other than the following areas, effective processes to award grants impartially and transparently.

To improve transparency, the Arts Board needs to:

- Set the frequency of its formal reviews of major grant programs, and track the receipt and resolution of complaints
- Document how it uses and selects independent assessors, and develop detailed written guidance on scoring grant applications
- Communicate application submission alternatives to potential applicants with limited or no internet access

To improve impartiality, the Arts Board needs to:

- Obtain signed agreements from peer evaluators before it gives them application packages, and record the time of conflict of interest absences in its meeting minutes

Figure 3—Audit Objective, Criteria, and Approach

Audit Objective: to assess the effectiveness of the Saskatchewan Arts Board's processes for the 18-month period ending June 30, 2018, to award grants impartially and transparently.

Audit Criteria:

Processes to:

1. Have clear and accessible policies
 - 1.1 Maintain current approved policies for adjudicating grants (including documentation requirements, and mechanisms to appeal/complain)
 - 1.2 Maintain current approved policies for identifying and avoiding conflict of interests in awarding grants (including documentation requirements)
 - 1.3 Align policies with good practice
 - 1.4 Keep staff and potential applicants informed of key application and adjudication policies
2. Determine clear objectives for each program
 - 2.1 Identify objectives for each program (e.g., supporting emerging artists, supporting arts organizations)
 - 2.2 Verify program objectives align with strategic direction
 - 2.3 Obtain appropriate approval of program objectives
3. Support applicants in providing quality applications
 - 3.1 Define the program eligibility criteria in sufficient detail for potential applicants and staff understanding
 - 3.2 Give potential applicants sufficient advance notice of availability of grant funding and requirements
 - 3.3 Establish with potential applicants open and effective communication on grant application process (e.g., expectations, deadlines)
4. Define the specifications for adjudicating grants
 - 4.1 Design evaluation criteria to support the impartial ranking and prioritization of eligible grant applications
 - 4.2 Identify expertise required to assess eligibility and adjudicate applications for each program
 - 4.3 Approve jurors with suitable expertise (e.g., theatre professional)
5. Award grants within a reasonable timeframe
 - 5.1 Identify eligible applicants using staff with suitable knowledge
 - 5.2 Select successful applications (using evaluation criteria and jurors)
 - 5.3 Obtain appropriate approval prior to awarding grants to successful applicants
 - 5.4 Inform applicants of decisions within reasonable timeframe
 - 5.5 Address applicant complaints using approved process

Audit Approach:

To conduct this audit, we followed the standards for assurance engagements published in the *CPA Canada Handbook – Assurance* (CSAE 3001). To evaluate the Arts Board’s processes, we used the above criteria based on our related work, reviews of literature including reports of other auditors, and consultations with management. The Arts Board’s management agreed with the above criteria.

We examined the Arts Board’s policies, procedures, and records that relate to awarding grants, and compared them to other Canadian arts funders. We interviewed relevant staff responsible for administering grant applications and selecting jurors, and observed adjudication. We tested a sample of 30 grant applications, and jury records to assess operating effectiveness of the Arts Board’s processes to award grants.

4.0 KEY FINDINGS AND RECOMMENDATIONS

4.1 Objectives of Grant Programs Align with Strategic Direction, but Program Review Frequency not Set

The Arts Board developed and refined objectives for each grant program that align with its strategic direction. In addition, it used program reviews of each grant program to keep those objectives current. However, it has not defined how often it expects reviews of its major grant programs to occur.

The Arts Board has awarded grants to support Saskatchewan artists and arts organizations since 1948. At June 2018, it had seven major grant programs and other grant initiatives (e.g., a micro-grant for short-term projects) (see **Figure 2**).

One of its three goals is to be *Art and Artist Centred—The Arts Board will ensure responsible and responsive delivery of relevant programs and services, building and maintaining transparent and accessible processes.*¹¹ See **Figure 4** for planned actions for this goal.

Figure 4—Planned Actions for Goal 2: Art and Artist Centred

The Arts Board will:

- Continue its work around program review, renewing its commitment to active consultation as part of these processes.
- Develop new ways to serve artists in rural and remote communities.
- Move towards online applications, bearing in mind the technical restrictions that may exist in remote regions of the province.
- Investigate, within the three years of its Strategic Plan, opportunities for new programming that can support Indigenous artists, artists in remote and rural areas, and newcomer artists.

Source: Saskatchewan Arts Board, *2016-19 Strategic Plan*, pp. 4 and 11.

Having well-defined objectives for each grant program is essential to develop clear and measurable criteria for grant eligibility and criteria to evaluate applicants against them.

Starting in 2015, as part of the development and then later implementation of its *2016-19 Strategic Plan*, the Arts Board reviewed each of its grant programs to refine program objectives, and confirm the programs remain relevant. To conduct program reviews, the Arts Board launched public consultations for six major programs. Staff traveled the province meeting with past and current applicants to collect feedback on its programs—

¹¹ Saskatchewan Arts Board, *2016-19 Strategic Plan*, pp. 4 and 11.



what worked well and what should change. For example, professional arts organizations (e.g., Regina Symphony Orchestra Inc., Saskatoon Opera Association) expressed concerns around the adequacy of operating grants and potential inequities within the program.

In addition, the Arts Board obtained input on program changes from its staff and former jurors.

By June 2018, the Arts Board had formally reviewed six of the seven major grant programs within the last three years.¹² It last did program reviews of many of its grant programs more than 10 years ago. As of June 2018, the Arts Board had not determined when it expects to review each major grant program next.

Not having an established program review cycle may result in program ineffectiveness, as the grant programs may not meet current artists' needs. Having an established frequency of formal program reviews will help to build and maintain transparent and accessible programs and services to artists. It is a good practice to have an established program review frequency.

1. We recommend that the Saskatchewan Arts Board establish the frequency of formal program reviews of its major grant programs.

Consultations and program reviews resulted in changes to grant program objectives, program eligibility criteria, evaluation criteria, program guides, and application packages. After the public consultations, the Arts Board drafted reports. It made them publicly available for further comments. In response to issues identified, the Arts Board refined program outcomes and related evaluation criteria for some of its grant programs.

We found all revised program objectives aligned with the Arts Board's Vision, Mission, Values and Strategic Goals (see **Figure 1**). We also found that the Chief Executive Officer of the Arts Board appropriately approved program objectives and kept the Board informed on the progress of program reviews.

4.2 Fair and Objective Procedures Established, but Need to Include the Use of Independent Assessors

The Arts Board has clear, current, and documented policies and procedures to administer grant applications, select jurors, and make decisions about awarding grants. These policies and procedures appropriately refer to and reinforce the principles of fairness and objectivity in the adjudication process. Other than for independent assessors, they clearly identify key participants in the process and their roles.

Consistent with *The Arts Board Act*, the Arts Board has established its adjudication processes; it involves qualified persons from the arts community using a peer adjudication process. These processes involve staff of the Arts Board (i.e., the Chief Executive Officer, program consultants), peer evaluators (called independent assessors and jurors), and the Board of Directors of the Arts Board.

¹² SaskFestivals Program was under review and planned to be completed by the end of August 2018.

The Governance Manual for the Board of Directors includes the grant programs and adjudication policy. The Board reviews this policy annually.¹³ The grant programs and adjudication policy:

- Gives the Chief Executive Officer responsibility for establishing adjudication processes and fair criteria for grants to ensure the integrity and objectiveness of a jury
- Requires the Chief Executive Officer to bring all grants in excess of \$20,000 to the Board of Directors for approval

In practice, the Chief Executive Officer directly administers the awarding of grants using program consultants. The Arts Board's website and operational policies sufficiently document the role and key responsibilities of program consultants.

The Arts Board employs six program consultants located in two offices—in Regina and Saskatoon. Each consultant is responsible for a particular grant program (e.g., Independent Artists Program) and particular discipline (e.g., Visual Arts) based on their professional background. Program consultants decide whether to use independent assessors, and lead the selection of peer jurors. In addition, they make sure jurors evaluate only eligible grant applications. They establish separate juries for each competition for grants. The Arts Board holds separate competitions for each grant program and it holds two competitions each year for a few grant programs (e.g., Independent Artists and Indigenous/Métis Arts and Artists).

The Art Board sufficiently documents the role and key responsibilities of jurors in two key documents—an Adjudication Guide and a Juror Manual. These documents outline the process of awarding grants, and establish guiding principles of fairness and objectivity in the process. They require jurors to be free from a conflict of interest, evaluate eligible applications fairly and objectively, and recommend to the Chief Executive Officer who, based on merit, will receive grants and how much.

The Arts Board updated its Juror Manual and Adjudication Guide in 2017-18. The Arts Board's staff advised us that the Chief Executive Officer had informally approved updates through email or verbally; we did not see any evidence of that approval. Documenting approval of changes to key manuals and guides would readily show the Board and staff that the Chief Executive Officer completed the review and fulfilled his responsibilities.

In addition, the Arts Board's policies and processes do not specifically refer to the role or use of independent assessors. In practice, the Arts Board uses independent assessors to evaluate applications that need specialized expertise (e.g., graphic novels). Independent assessors assess those applications against evaluation criteria, and give the Arts Board their comments and scores. The program consultants share those comments and scores of independent assessors with jurors at the face-to-face jury day, and include the scores in the final rankings.

We found the Arts Board used independent assessors to assess applications for 3 of 31 juries held during the 18-month period ending June 2018 (our audit period).

¹³ The annual review of the Governance Manual did not occur in 2017-18. Five of 12 members resigned in June 2017; terms of some other members expired in 2017-18. This resulted in Cabinet appointing 11 new members to the 12-member Board in January 2018 (Order in Council 15/2018). Due to these changes, the policy was not reviewed in 2017-18.



Documenting the selection and use of independent assessors enhances the transparency of the Arts Board processes to award grants.

2. **We recommend that the Saskatchewan Arts Board set out, in writing, its process to use and select independent assessors when awarding grants.**

Staff of the Arts Board keep themselves current with general practices that other Canadian arts-granting bodies use. For example, the Arts Board is one of nine provincial members of the Canadian Public Arts Funders.¹⁴ The provincial members meet regularly to share information, initiatives, and best practices amongst their peers. In addition, the Arts Board staff informally discuss and share practices and issues with other art professionals in public art organizations.

We found, except for a few areas described in the following sections, the Arts Board's processes to award grants are similar to those used by other Canadian arts granting jurisdictions. That is, it adjudicates grants using juries consisting of peers, and makes decisions based on the merit of the project set out in the grant application by evaluating against pre-determined evaluation criteria.

4.3 Conflicts of Interest Clearly Defined—Process Generally Followed

The Arts Board has clearly defined, in writing, conflict of interest as it relates to granting processes, its expectations on declaring conflicts of interest, and the ways to manage them. However, staff did not always sufficiently document its management of conflicts of interest as its processes require.

The Arts Board maintains specific policies for board members and staff about conflict of interest. These policies require board members and staff to be aware of their responsibility to be alert to potential conflicts, and to declare potential conflicts promptly.

As reflected in **Figure 5**, the Arts Board's policies and guidance defines, in general, conflict of interest as a situation in which board members, staff, jurors or their close associates or family members either may benefit from or be disadvantaged by the outcome of a decision they are in a position to influence.

In addition, its Adjudication Guide, Juror Manual, and standard agreements with evaluators (i.e., jurors, independent assessors) provide clear direction about conflict of interest and emphasize their responsibility to declare potential conflicts promptly. Agreements, that both independent assessors and jurors must sign, require them to declare any conflicts of interest, keep private confidential information, and follow the Arts Board adjudication process.

The Arts Board makes these procedures readily available to its staff as well.

¹⁴ Canadian Public Arts Funders is a network that unites and serves the federal, provincial, and territorial arts councils and equivalent public arts funders.

Figure 5—Key Arts Board Guidance on Conflicts of Interest for Jurors and Independent Assessors

The Arts Board outlines attributes of jurors (e.g., treat applications equitably, without prejudice; are able to work collaboratively and to reach consensus) and their responsibilities.

The Arts Board differentiates direct, indirect, and perceived conflicts of interest as follows.

- Direct conflict of interest is when a juror or his/her immediate family member will benefit financially from the success of an application (e.g., a juror's immediate family member is an applicant). Individuals who are in direct conflict of interest with any of the grant applications cannot serve as jurors.
- Indirect conflict of interest occurs when some factor makes it difficult for a juror to evaluate an application objectively. For example, the juror has written a letter of recommendation for the grant applicant. In such case, an individual is still able to serve as a juror, but that juror cannot participate in the discussion and scoring of the application. Depending on the severity of the conflict, that individual may be asked to leave the meeting during the discussion and/or scoring of an application.
- A perceived conflict of interest occurs in cases where an outsider could believe that a juror finds it difficult to be objective because of indirect conflict whether it is present or not.

The Juror Agreement requires jurors to do the following

- Declare any conflict of interest
- Review the Juror Manual to familiarize themselves with their responsibilities and the process they are expected to follow
- Review the program application package and evaluation criteria
- Review and assess each application and the provided support fairly and objectively

The Juror Agreement also requires jury meeting minutes to include the time a juror in a conflict of interest left and returned to the meeting.

Source: Excerpts from Saskatchewan Arts Board's Juror Manual and Juror Agreement.

We found that the definitions of conflicts of interest and related examples along with the Arts Board's guidance on declaring, documenting, and handling of conflicts are robust and consistent with good practice. In addition, we found procedures instruct jurors to be fair and objective, to protect personal and confidential information, and treat each application equally and non-discriminatory.

Once the jury is approved, the administrator sends a juror package to the selected jurors. The package consists of the Juror Manual, the Adjudication Guide, program guidelines, all applications with support material, a juror agreement, ranking documents (e.g., rating sheets), and other administrative documents.

Providing the juror package prior to the adjudication sessions gives jurors time to consider applications prior to the jury date and to prepare for discussions of the grant applications at the adjudication session. Grant application packages contain confidential information about applicants.

The Arts Board has independent assessors and jurors return signed agreements after they have received grant application packages. Independent assessors typically return signed agreements with assessed applications, and jurors do so on the day of the jury session, typically about three to four weeks after receipt of the applications.

Not requiring receipt of a signed agreement from evaluators prior to sharing confidential information may diminish the benefit of the signed agreement. In addition, it increases the risk of evaluators potentially disclosing confidential information and not declaring potential conflicts of interest promptly.



3. We recommend that the Saskatchewan Arts Board obtain signed agreements from evaluators before releasing grant application packages to them.

The program consultant chairs grant adjudication sessions and facilitates objective discussion between jurors. At the beginning of the meeting, the program consultant reviews the adjudication process with jurors, and asks them whether any conflicts of interest exist.

In our observation of a jury session, we found that staff did not sufficiently document the handling of a declared conflict of interest. The session minutes documented the disclosure of conflicts of interest for both Arts Board staff and jurors, and how the declared conflicts were handled (e.g., excused individual from related deliberations because of a potential conflict or impartiality). It did not document the time the person with a declared conflict left and returned to the meeting.

The Arts Board's Juror Agreement states that jury meeting minutes must include the time a juror in a conflict of interest left and returned to the meeting.

Recording the time individuals with potential conflict or impartiality left and returned to the meeting helps organizations show declared conflicts (real or perceived) were handled appropriately and impartial discussions occurred.

4. We recommend that the Saskatchewan Arts Board record the time the person with a declared conflict of interest left and returned to a grant adjudication session.

4.4 Grant Availability Sufficiently Communicated

The Arts Board communicates information about its programming and availability of grants to artists primarily through use of its website and social media. It uses alternate methods to communicate key information in response to ad-hoc requests from artists and arts organizations.

Its website provides a clear and concise explanation for potential applicants of awarding grants from the point of submitting the application to notification of jury results. The Arts Board uses social media (e.g., Twitter, Facebook) to reinforce and advise potential applicants of information on its website.

Its website includes deadlines for grant applications. Application guidelines and frequently asked questions are also included on the website to help applicants understand the application and adjudication process.

In addition, the Arts Board advertises its programming and availability of grants through participating and funding of arts festivals. It also places a few advertisements in either web- or print-based publications to reach specific groups of artists or art organizations (e.g., it advertises twice a year in a monthly newspaper whose readership is primarily the Indigenous community). Furthermore, it asks all grant recipients to use the Arts Board logo on their printed materials to acknowledge its support and increase awareness of its grant programs.

In 2017-18, the Arts Board started to move to applicants applying for grants online via its website (e.g., for the Micro-grant and the Prince Edward Arts Scholarship grant programs). Beginning fall 2018, the Arts Board plans to move to only accepting online grant applications.

It recognizes some artists and arts organizations with potential interest in applying for grants may not have internet access (e.g., those in rural communities or in the north). In these cases, it expects them to seek internet access (e.g., through a public library or a friend).

In our review of 2017-18 applicants, we found that all applicants resided in communities with internet access. We also found that the Arts Board is aware of ways to assist applicants that do not have access or the ability to complete applications online.

At June 2018, the Arts Board had not yet communicated alternate arrangements to potential applicants without internet access.

4.5 Grant Eligibility Criteria Clear and Understandable

The Arts Board reviewed and clarified grant eligibility criteria to make it clear and understandable for applicants.

For each grant program, the Arts Board established criteria that set out applicants who are eligible to apply. For example, in order to apply for the Independent Artists grant, the professional artist working independently or collaboratively should:

- Hold Canadian citizenship or Permanent Resident of Canada status, maintain a physical residence in Saskatchewan, and
- Be able to show that (s)he has pursued artistic practice in Saskatchewan for a minimum of one year prior to the program deadline.

Another eligibility requirement is that applicants applying for a grant must have met reporting requirements (e.g., report stating how the grant was used and how the project affected the artist's art practice/career) for previously awarded grants. The Arts Board used input from program reviews to update its grant eligibility criteria and to confirm its understandability.

We found that applicants can easily access grant program eligibility criteria, requirements and application packages at the Arts Board's website. In addition, the Arts Board website clearly advises applicants of the availability of program consultants to respond to questions, if any.

4.6 Grant Application Deadlines Reasonable

For each grant program, the Arts Board has established application deadlines that provide artists with sufficient time to submit grant applications.

We noted that each grant program has different grant application deadlines. For example, Indigenous/Métis Art and Artists program has two submission deadlines—in the spring



(April 15) and in the fall (October 15); while Artists in Communities has only one (May 1). Having different grant application deadlines distributes the workload related to adjudicating applications throughout the year.

The Arts Board posts grant application deadlines on its website.

We found that the Arts Board posts any changes made to grant application packages (e.g., additional requirements, change to the program guide) on its website at least six weeks prior to the application deadline. This gives artists sufficient time to prepare applications.

4.7 Grant Applicants Supported

Program consultants make themselves available to applicants to provide help with writing grant applications through various means.

Program consultants provide one-on-one help upon request. In addition to providing one-on-one help to applicants, program consultants offer grant-writing workshops.

Furthermore, the Arts Board often collaborates with other arts organizations and offers workshops during arts festivals or other arts events (e.g., Filmpool Festival). For the period of January 2017 to June 2018, we found the Arts Board offered workshops in Regina, Saskatoon, Prince Albert, and La Ronge. We noted these workshops occurred two to seven weeks prior to the grant application submission deadlines.

The Arts Board also organized open house events for applicants to come and ask questions regarding grant applications. For example, in March 2018, the Arts Board organized an open house in Regina and Saskatoon—an event where program consultants were available for artists to come and ask questions.

The Arts Board advertises availability of support including events on its website, and e-newsletters sent to all past applicants.

4.8 Process to Administer Applications Followed

Arts Board staff followed established processes when accepting and reviewing grant applications.

As of June 2018, the Arts Board accepted grant applications and support material (e.g., video, copies of play script) online, in paper form via mail, or in person. The Arts Board does not accept any applications mailed or brought to its office after the deadline.

Reviewing submitted applications takes about two weeks to complete after the application deadline. It includes:

- Checking applications for missing information and contacting applicants where application missed information
- Scanning submitted material to its database
- Preparing the list of applications for program consultants for further review

- Verifying applicants have submitted any outstanding reports for previously awarded grants

For all 30 grant applications we tested, the Arts Board staff followed its established application review process. Also, applicants of 21 of the 30 grants applications we tested had received grants in the past. We found that the Arts Board had verified that all 21 applicants had submitted the reporting required under their previous grant.

4.9 Knowledgeable Peer Evaluators Selected

The Arts Board's process to select peer evaluators (jurors, independent assessors) who possess industry-specific knowledge is generally similar to those used by other Canadian arts granting jurisdictions.

The Arts Board has an adjudication session for each grant deadline for each program. It engages new jurors for each adjudication session. In addition, the program consultant may decide an independent assessor is necessary to assess certain applications (e.g., applications for funding for graphic novels). In these cases, the program consultant follows a similar process as used to select jurors.

Program consultants identify professional artists to participate in each adjudication session based on applications from interested individuals, suggestions from past jurors or professional artists, and their own personal knowledge of relevant professional artists. Once program consultants identify potential individuals for a particular program and discipline (e.g., visual art, media, music projects for Independent Artists Program), they identify discipline-specific expertise necessary to evaluate a diverse pool of applications. Program consultants look for individuals possessing expertise related to the grant program who also represent a diversity of age, gender, and geography, and Indigenous people. Jurors must be able to participate in a collaborative and consensus-building process to discuss applications, objectively assign scores, and make funding recommendations. Program consultants ask potential jurors to informally agree to participate in a jury.

Once potential jurors have informally agreed to participate in the jury, the program consultant gives the list of recommended jurors along with the rationale for selection and jurors' biographies to the Chief Executive Officer for approval. The Chief Executive Officer approves the proposed jury for each adjudication session.

We found program consultants prepared a comprehensive rationale and list of jurors recommended. They obtained the approval of the Chief Executive Officer to use the recommended jurors in the adjudication sessions for the 30 applications we examined.

4.10 Application Evaluation Criteria in Place but More Guidance Needed on Scoring Applications

The Arts Board uses grant evaluation criteria to assess applications, but guidance for evaluators on scoring criteria is too generic.

The Arts Board developed evaluation criteria specific to each grant program that were consistent with application criteria. It used the results of program review to help confirm



the suitability and clarity of its criteria. For example, using the results of public consultations and program review, the Arts Board revised its evaluation criteria for the Independent Artists grant program. It created the following two criteria instead of the previous three—assessing applications against artistic merit (i.e., the artistic quality of work, the potential artistic impact), and project merit (i.e., appropriate goals, timeline and work plan for the project term, a feasible financial plan and appropriate budget).

The Arts Board shared evaluation criteria with applicants in the related grant program guides and application packages.

We found the grant program guides and application for each program contained sufficient and clear information about evaluation criteria to enable applicants to know, in advance of applying, what criteria would be used to assess their grant application.

The Arts Board requires peer evaluators (i.e., jurors and independent assessors, if used) to consider applications against each program's evaluation criteria and score applications. It expects evaluators to assign scores to applications based on a one-to-ten ranking for each evaluation criterion.

For each program, while the Arts Board developed scoring guidance for peer evaluators (jurors and independent assessors) to use when assessing applications against evaluation criteria, it was not sufficiently comprehensive to help ensure evaluators score applications consistently. Unlike some other Canadian arts granting jurisdictions, like the Ontario Arts Council, the scoring guidance provided did not include a detailed explanation of what each ranking means.

In addition, the Arts Board does not make its guidance available to applicants. Having these scoring guidance available to applicants (e.g., posted online) promotes transparency and openness of the adjudication process.

Not providing a comprehensive and explicit explanation of how to assign scores increases the risk of evaluators not assessing applications consistently. This may result in different scoring amongst evaluators (e.g., one person's level 3 score may be another's level 6). Having a detailed evaluation guide would assist in scoring applications equitably and transparently.

5. We recommend that the Saskatchewan Arts Board give evaluators detailed written guidance about scoring grant applications against evaluation criteria, and make its guidance available to applicants.

At each adjudication session, the jury discusses assigned scores, and ranks applications based on assigned scores.¹⁵ Using the assigned scores, the jury decides for which applications to recommend funding and the amount of funding.¹⁶ They then assign grant funds to applicants working from the top of the ranked list. Many times, the total of funding a jury recommends exceeds the amount of funds available for that program. This results in placing applicants into one of three categories: applicants recommended with available funds, applicants recommended without funds available, and applicants not recommended. All decisions regarding funding applications are unanimous.

¹⁵ Jurors receive the scores of independent assessors at the face-to-face peer adjudication session.

¹⁶ For the Professional Arts Organizations Program, the jurors only rank the applicants and recommend either to increase or decrease operative funding comparing to the last grant cycle. The Arts Board staff assigns the funding based on the jury's recommendation.

Administrative staff of the Arts Board are present at each adjudication session, and record the minutes of jury discussions along with the scores and ranking.

We observed one jury meeting and saw that the discussions were fair, objective, and free of any impartiality. For all 30 applications we tested, we noted appropriate documentation of jury decisions.

The Board approves all grants that exceed \$20,000. The Chief Executive Officer reports the sum of awarded all other grants less than \$20,000 to the Board.

Of the 30 applications we tested

- Seventeen grant applicants received funding consistent with jury recommendations and grants were appropriately approved
- Thirteen grant applicants did not receive funding consistent with either the jury recommendation and/or availability of funding for the related grant program—this was comprised of 11 grant applications recommended for funding with no available funds, and 2 grant applications not recommended for funding.

4.11 Applicants Notified of Adjudication Results

The Arts Board provides timely notification to applicants whether they receive a grant.

The Arts Board posts on its website the timelines to notify the applicant of the jury results. For example, the Arts Board will notify applicants applying for a grant under the Independent Artists, Artists in School, or Artists in Communities within 90 days after the submission deadline.

The Arts Board sends notification letters to applicants:

- Who are awarded a grant
- Whose application was recommended for funding, but there was not enough funding available
- Who were not awarded a grant.

For all 30 applications we reviewed, the Arts Board sent notification letters within established timelines and consistent with jury decisions.

The Arts Board does not give written feedback to unsuccessful applicants. The Arts Board, consistent with other Canadian arts funders, does not do so because applicants may take written feedback to mean that if they make the suggested changes, they will be successful in their next application. Rather, in notification letters, the Arts Board encourages unsuccessful applicants to contact the program consultant for feedback.

4.12 Tracking on Complaint Resolution Needed

The Arts Board does not give staff guidance on how to respond to, or document complaints received about its granting programs. The Arts Board also does not track the number or nature of complaints received.



Arts Board staff noted they receive few complaints about its granting programs, as in their view, artists understand that the funding for grants is limited and understand the adjudication process. They note that a few unsuccessful applicants may call the Arts Board and express dissatisfaction with a jury decision. Staff handle complaints on a case-by-case basis through conversation.

Having a documented process to resolve complaints helps staff consistently and appropriately resolve complaints received. This can mitigate the risk of escalation of a complaint. Tracking of complaints helps management to identify whether there are any common themes the Arts Board should take into consideration when revising its programs.

6. We recommend that the Saskatchewan Arts Board track receipt and resolution of complaints about its grant programs.

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Chapter 23

Saskatchewan Health Authority – Analyzing Surgical Biopsies in Regina and Saskatoon Labs Efficiently

1.0 MAIN POINTS

This chapter sets out the results of our audit of the processes that the Saskatchewan Health Authority had to analyze surgical biopsies efficiently at the Regina and Saskatoon labs. A surgical biopsy analysis request from a healthcare provider is considered one patient case, which can comprise multiple specimens. The labs located in Saskatoon and Regina each analyze over 150,000 specimens, or about 45,000 cases, per year. Saskatoon took an average 12.1 days in 2017-18 to provide a surgical biopsy diagnosis report; Regina took an average 18.7 days in 2017-18.

For the 12-month period ended July 15, 2018, the Saskatchewan Health Authority had, other than in the following areas, effective processes to analyze surgical biopsies efficiently in laboratories located in Regina and Saskatoon. The Authority needs to:

- Have a consistent approach for prioritizing surgical biopsy specimens, and have consistent turnaround times for issuing diagnosis reports. Not being consistent across the province could lead to some patients and healthcare providers having to wait longer for their diagnosis than others, and delayed care for patients.
- Assess whether each lab should continue to be accredited under different accreditation bodies. Using different accreditation bodies may result in unnecessary costs and variations in lab operating practices.
- Establish an agreement with the Office of the Chief Coroner regarding the services the labs provide for forensic autopsies. Not having an agreement can create confusion for staff when prioritizing workloads.
- Conduct a cost-benefit analysis of electronically tracking specimens to better understand potential delays in the biopsy analysis process. The labs track a specimen through a manual process, which increases the risk of the labs losing or misidentifying a specimen.
- Educate healthcare providers about how to properly complete a surgical biopsy requisition. Incomplete requisitions can create delays in the lab reporting diagnosis results, and thus delay treatment for the patient.
- Regularly document preventative maintenance completed on surgical biopsy equipment.

Lack of effective processes for performing timely analysis of biopsies affects the Authority's ability to provide timely diagnosis and treatment options. Delayed treatment may result in loss of public confidence in the healthcare system, and reduced quality of life and/or the probability of survival for the patient.



2.0 INTRODUCTION

A surgical biopsy is a procedure that involves the surgical removal of tissue, often to determine whether a patient has cancer.

Under *The Provincial Health Authority Act*, the Authority is responsible for the planning, organization, delivery, and evaluation of health services in the province. As part of this mandate, the Authority is responsible for providing lab services in the province.

The Authority has eight labs that analyze surgical biopsies for diagnostic purposes (e.g., potential cause of a disease). Three labs are in Saskatoon; two labs are in Regina; and one each in Prince Albert, North Battleford, and Moose Jaw.

- Saskatoon’s Labs are located at Royal University Hospital, St. Paul’s Hospital, and in the Saskatoon City Hospital
- Regina’s Labs are located at the Pasqua Hospital and the Regina General Hospital.

Labs located in Saskatoon and Regina are referral centres for surgical biopsies; in that, they receive biopsies collected from other lab locations (e.g., other labs in and outside the province) for analysis. As a result, the Saskatoon and Regina labs analyze the majority of surgical biopsies done in Saskatchewan. As shown in **Figure 1**, both labs typically analyze over 150,000 specimens per year.¹

A case is a biopsy analysis request from a healthcare provider. Within a case, there are often multiple specimens. The complexity of a case affects the length of time it takes to complete the analysis of it.

Figure 1 – Number of Specimens Processed by Lab Location from 2015-16 to 2017-18

Lab Location ^A	Number of Specimens Preserved for Assessment		
	2015-16	2016-17	2017-18
Saskatoon	164,750	169,827	164,687 ^B
Regina	158,263	156,613	154,619 ^C
Prince Albert	18,618	22,187	17,655
North Battleford	— ^D	21,355 ^D	24,066
Total	341,631	369,982	361,027

Source: Saskatchewan Health Authority Records.

^A Moose Jaw data not available, it did not begin tracking this information until June 2018.

^B About 46,000 cases.

^C About 43,000 cases.

^D North Battleford did not begin tracking this information until May 2016.

2.1 Significant Backlogs at the Labs

In May 2018, the Authority reported backlogs in examining biopsies. It noted labs in Regina and Saskatoon had a total of almost 3,000 biopsies awaiting examination. In addition, it indicated Saskatchewan physicians were expressing concern that the long wait times were leading to greater patient anxiety while waiting for diagnosis and treatment options.²

¹ Tissue removed through a surgical biopsy procedure is also referred to as a specimen.

² Saskatchewan Health Authority Records.

Patients count on lab analysis of biopsies for accurate diagnoses and the consistent quality of their test results.³

Research shows that long waits for health care services can contribute to declines in health and can impact the health care system overall.⁴ Increased wait times for the results of biopsies and diagnosis cause patients stress and anxiety. In addition, it delays treatment, which can mean the difference between life and death.

Lack of effective processes for performing timely analysis of biopsies affects the ability to provide timely diagnosis and treatment options. Delayed treatment may result in the loss of public confidence in the healthcare system and for some patients, reduced quality of life and/or probability of survival.

3.0 AUDIT CONCLUSION

We concluded that for the 12-month period ended July 15, 2018, the Saskatchewan Health Authority had, except for the following areas, effective processes to analyze surgical biopsies efficiently in laboratories located in Regina and Saskatoon. The Authority needs to:

- **Implement a consistent approach for prioritizing and issuing timely diagnosis reports for surgical biopsies, and identifying inhibiting factors**
- **Evaluate the impact of following different lab accreditation standards and clarify roles and services provided for forensic autopsies with the Office of the Chief Coroner**
- **Conduct a cost-benefit analysis of electronically tracking specimens through the biopsy analysis process**
- **Educate healthcare providers about requesting lab services for surgical biopsies**
- **Regularly document preventative maintenance completed on biopsy equipment**

Figure 2—Audit Objective, Criteria, and Approach

Audit Objective: Assess the effectiveness of the Saskatchewan Health Authority's processes to analyze surgical biopsies efficiently, for the 12-month period ending July 15, 2018, in the laboratories located in Regina and Saskatoon.

Audit Criteria:

Processes to:

- 1. Plan for efficient analysis of surgical biopsies**
 - 1.1 Assign responsibility for performing and reporting analysis of surgical biopsies
 - 1.2 Use accepted standards for analyzing surgical biopsies within acceptable timeframes
 - 1.3 Make standards readily accessible
 - 1.4 Track requests for and completion of analysis of biopsies
- 2. Analyze surgical biopsies in accordance with standards**
 - 2.1 Prioritize analysis of surgical biopsies
 - 2.2 Maintain adequate biopsy chain of custody
 - 2.3 Utilize qualified medical personnel
 - 2.4 Provide results of biopsy analysis to requisitioning health care professionals

³ www.cap.org/web/submenu/about?_adf.ctrl-state=ors7hb153_88&_afLoop=420539191119755# (20 June 2018)

⁴ Health Care in Canada, 2012: *A Focus on Wait Times*, https://secure.cihi.ca/free_products/HCIC2012-FullReport-ENweb.pdf. (28 June 2018).



3. Monitor the biopsy analysis process

- 3.1 Maintain a quality assurance program (e.g., accreditation, quality assurance, equipment maintenance)
- 3.2 Address factors inhibiting efficient biopsy analysis
- 3.3 Report key information to senior management

Audit Approach:

To conduct this audit, we followed the standards for assurance engagements published in the *CPA Canada Handbook – Assurance* (CSAE 3001). To evaluate the Saskatchewan Health Authority’s processes, we used the above criteria based on our related work, reviewed literature including reports of other auditors, and consulted with management. The Authority’s management agreed with the above criteria.

We examined the Authority’s labs’ IT systems and tested 34 surgical biopsy requests through the analysis process. We analyzed policies and procedures that relate to the assessment of surgical biopsies, and interviewed lab staff. We reviewed the maintenance performed on 22 pieces of lab equipment. We consulted with an independent consultant with subject matter expertise in the area. The consultant helped us identify good practice.

This audit did not examine a health care provider’s decision to request a biopsy for a patient or a pathologist’s interpretation of the biopsy.

4.0 KEY FINDINGS AND RECOMMENDATIONS

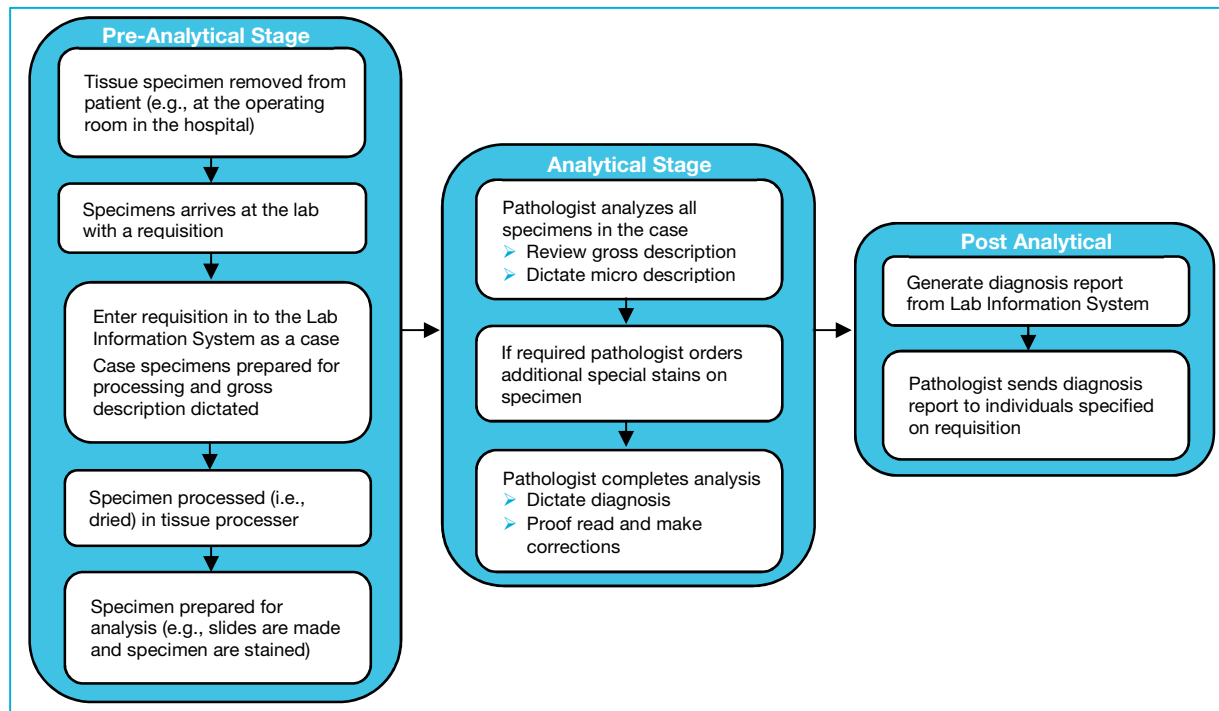
In this report when we refer to the labs, we are referring to Regina and Saskatoon labs.

4.1 Surgical Biopsy Process Well-Defined

Each lab maintains well-defined and documented processes to analyze surgical biopsy specimens.

Each lab uses documented policies and standards to clearly set out its processes to receive, analyze, and report on specimens received, and related key stages. **Figure 3** sets out the general process each lab uses.

Figure 3—Surgical Biopsy Lab Process



Source: Adapted from 3sHealth process flow diagram.

In general, the processes each lab uses are similar. As shown in **Figure 3**:

- Healthcare providers take a surgical biopsy in a doctor's office or hospital.
- Labs receive requests for analysis and related tissue specimens from requisitioning healthcare providers who make the request using standard forms. Each lab made available to healthcare providers guidance on completing requisition forms. The Regina Lab provided them with a 300-page manual that was electronically searchable. The Saskatoon Lab provides them with a requisition form with notes on how to complete the form appropriately.

We found while the design of forms each lab used varied, information requested was generally consistent. In all cases, templates required healthcare providers requisitioning analysis of a tissue specimen to classify the request into one of three levels (e.g., level 1, 2, or 3 with level 1 being urgent) to indicate how fast it would like the lab to process the specimen.

- Upon receipt, technical lab staff prepares the tissue specimen for analysis (pre-analytical stage). Staff responsible for the pre-analytical stage include medical lab technicians, medical lab assistants, pathology assistants, and histopathology technicians. They are technical staff with varying roles.⁵
- Pathology services are performed by pathologists who are specialized medical doctors who study the causes and effects of diseases.⁶ Pathologists complete the analytical and post-analytical stages.
 - Pathologists analyze the specimen (under a microscope) and complete a diagnosis report. Pathologists generate diagnosis reports using each lab's IT system. Both labs use similar IT systems to generate diagnosis reports.
 - Pathologists send completed diagnosis reports to healthcare providers who requisitioned the surgical biopsy analysis, usually through the Province's electronic health records system maintained at eHealth. At the request of healthcare providers, the labs mail paper copies of reports.

All 34 cases we tested followed the lab's standard biopsy processes.

4.2 Labs Use Different Accreditation Standards

Each lab uses a different set of industry-recognized accreditation standards to show it has appropriate and suitable standards and processes for analyzing surgical biopsies. At July 2018, the Authority had not determined whether the labs should continue to receive accreditation from different bodies.

Each lab operates under a five-year licence issued by the Ministry of Health in accordance with the *Medical Laboratory Licensing Act* and *The Medical Laboratory Licensing Regulations*. We found the licence of each lab expires in 2020.

⁵ Roles of technical staff include:

- Grossing the sample – preparing and cutting a tissue specimen for processing
- Tissue processing – using a piece of equipment to dry out the specimen
- Preparing the slides – cutting the dried tissue and placing it on slides and staining the slides with special chemicals so the pathologist can appropriately diagnose the specimen

⁶ Pathology services are primarily concerned with the cause, origin, and nature of disease. They involve the examination of tissues, organs, bodily fluids, and autopsies.



As a condition of the Ministry’s licence, each lab (as a licensee) must participate in the Saskatchewan College of Physicians and Surgeons Laboratory Quality Assurance Program. This Program allows labs to choose recognized accreditation bodies to accredit the labs. Accreditation involves both self-assessment and an external peer assessment process.

The former Regina Qu’Appelle Regional Health Authority selected the College of American Pathologists (CAP) to accredit the Regina lab. CAP uses a two-year accreditation cycle. The Regina Lab was last accredited in February 2018 at a cost of about \$20,000.

The former Saskatoon Regional Health Authority selected the Western Canada Diagnostic Accreditation Alliance (WCDAA) to accredit the Saskatoon lab. WCDAA uses a four-year accreditation cycle. The Saskatoon Lab was last accredited in September 2018 at a cost of about \$25,000.

The Saskatchewan College of Physicians and Surgeons recognizes both CAP and WCDAA as accreditation bodies. CAP is viewed as the optimum standard to follow in lab operations. Our assessment of each set of accreditation review standards found WCDAA includes all the significant standards included in CAP.

Having the labs accredited by different accreditation bodies may result in unnecessary costs and variations in lab operation practices.

1. We recommend that the Saskatchewan Health Authority assess the impact of the surgical biopsy labs receiving accreditation through different bodies.

4.3 Responsibilities for Surgical Biopsy Process Clearly Assigned other than Relationship with Chief Coroner Office

Except for its relationship with the Office of the Chief Coroner, labs have clearly assigned responsibility to staff for the various analysis stages of biopsies of tissue specimens—pre-analytical, analytical, and post-analytical stages.

Each lab assigns specific staff to key stages in the biopsy process (e.g., preparing and analyzing specimens, creating biopsy reports). See **Figure 4** for staffing levels of each position involved in the biopsy process at the labs.

Figure 4—Number of Full-time Equivalent Staff by Position as of July 2018 at Each Lab

Position	Saskatoon Lab	Regina Lab
Lab Technologist	25.3	14.5
Lab Assistant	8.9	12.0
Lab Process Worker	1.6	---
Pathologist Assistant	1.0	3.0
Histopath Attendant	0.8	---
Histopath Assistant	2.0	---
Pathologists	18.9	11.0
Total	58.5	40.5

Source: Saskatchewan Health Authority Records.

We found each lab used a differing approach to set out the responsibilities of its pathologists. Both approaches were reasonable. The Regina Lab maintained up-to-date job descriptions for its pathologists. The Saskatoon Lab used a general employment contract that referred to the professional medical responsibilities of pathologists.

We found each lab used reasonably current job descriptions to state clearly the responsibilities of lab technical staff. The Regina Lab augmented these job descriptions with a detailed up-to date orientation for key technical positions. Both labs give staff a copy of their standards, and keep staff up-to-date on changes to its standards throughout the year.

Lab management kept staff up-to-date on changes in standards through online notifications and group huddles.⁷ Each year, each lab required staff to sign-off that they were aware of any changes to the standards.

We found the labs required pathologists and technical staff to be educated, trained, and qualified consistent with the requirements of their job descriptions. Each lab allows staff and pathologists to complete ongoing professional development to stay up-to-date in their roles.

However, both labs did not clearly set out responsibilities of technical staff with respect to handling requests for analysis of forensic autopsies relative to handling other requests for surgical biopsies.

Each lab provides the Office of the Chief Coroner with support including technical lab staff and access to equipment, supplies, and space for the forensic pathologists to conduct forensic autopsies. The Office of the Chief Coroner employs two forensic pathologists, one in the Regina Lab and one in the Saskatoon Lab to complete forensic autopsies.

We found that neither the Authority nor the former regional health authorities had a written agreement with the Office of the Chief Coroner about support provided for forensic autopsies or the responsibilities of each party for the handling of these cases and related specimens.

Not having a written agreement increases the risk of the Authority and the Office not having clear or common expectations and understanding of each party's responsibilities and obligations, and processes to resolve differing views, if any. For example, the Authority and the Office may not have common views on prioritization of surgical biopsies over forensic autopsies. They may also have differing views on the nature and extent of support the Authority provides the Office, and on who pays for that support.

Not having a written agreement with the Office of the Chief Coroner may result in Authority staff within labs making decisions about the handling and processing of requests for biopsy analysis inconsistent with the Authority's expectations. This in turn may cause scheduling conflicts for technical staff, and delays in processing surgical biopsies.

2. We recommend the Saskatchewan Health Authority enter into a written agreement with the Office of the Chief Coroner about surgical biopsy lab services it provides for forensic autopsies.

⁷ A huddle is a short stand up meeting, usually held at the beginning of a shift.



4.4 Consistent Completion Targets and Approaches to Prioritize Requests Needed

The Regina Lab and Saskatoon Lab have differing target turnaround times for processing requests for analysis of surgical biopsies and issuing diagnosis reports. They also use differing approaches to prioritize those requests. In addition, target turnaround times do not always align with good practices.

Each lab receives and processes a large volume of requests for surgical biopsy analysis each year. For example in 2017-18, the Saskatoon Lab processed about 43,000 surgical biopsy cases, and the Regina Lab processed about 46,000 cases. In 2017-18, they processed 228 biopsies related to forensic autopsies.

Good practices have varied target turnaround times for processing and issuing diagnosis reports based on an assessment of both the priority and complexity of the biopsy. Good practice allows additional time to prepare and assess the specimen due to the complex nature of assessment.⁸ For example, good practice suggests the following categories and turnaround-time targets for issuing diagnosis reports:

- Urgent Biopsies – 24 hours. Generally, if the lab needs to do an analysis on a biopsy received from the operating room immediately, this is an urgent biopsy.
- Small Biopsies – 3 business days. Generally, small biopsies are tissue specimen from a prostate or lung that is smaller, and the lab can process the specimen upon receipt.
- Routine Biopsies – 5 business days. Generally, routine biopsies are tissue specimen that may be benign.
- Breast Cancer Biopsies – 6 to 15 business days.⁹

Consistent with good practices, the Saskatoon Lab varied target turnaround times for processing and issuing diagnosis reports based on an assessment of both priority and the complexity of the biopsy. It communicated its process to classify requests to staff in a written policy. This policy helps staff determine which requests to process first.

As outlined in **Figure 5**, the Saskatoon Lab’s policy requires staff to classify requests using a number of criteria, including the type of biopsy specimen. It appropriately gives lab staff authority to reclassify a specimen when a healthcare provider labels a requisition as urgent (e.g., Priority 1), and they determine specimen does not meet the criteria of a Priority 1 specimen.

Figure 5—Saskatoon Lab Prioritization Policy and Targeted Timeframes

Assessed Priority Level	Examples of Prioritized Surgical Biopsy Specimens	Targeted Turnaround Times
Priority 1	<ul style="list-style-type: none"> ➤ Bone marrow ➤ Kidney ➤ Transplant Biopsies 	Processing: Less than 48 hours Diagnosis Report: 24 – 72 hours

⁸ After the first sections of tissues are seen under the microscope, the pathologist may want to look at more sections of the tissue or ask for special stains to make an accurate diagnosis. In these cases, extra pieces of the tissue might need processing and staining.

⁹ Sunnybrook Health Sciences Centre, <https://uoforthopaedics.ca/hospitals/sunnybrook-health-sciences-centre>, (02 October 2018).

Assessed Priority Level	Examples of Prioritized Surgical Biopsy Specimens	Targeted Turnaround Times
Priority 2	<ul style="list-style-type: none"> ➤ Lung ➤ Prostate ➤ Breast ➤ Liver ➤ Biopsy labelled 	Processing: Less than 48 hours Diagnosis Report: 3 to 8 calendar days
Priority 3	<ul style="list-style-type: none"> ➤ All other specimens 	Processing: 48 to 72 hours Diagnosis Report: 14 calendar days

Source: Saskatchewan Health Authority Records.

Consistent with good practices, the Regina Lab varied, to some extent, target turnaround times for processing and issuing diagnosis reports based on an assessment of both priority and the complexity of the biopsy. For example, it had a turnaround target for providing diagnosis reports within five business days of receipt of the request. In addition, lab staff indicated they informally treat specimens classified as urgent, or received from operating rooms and breast tissue samples as higher priority. They aim to process higher priority specimens within 24 hours of receipt.

Other than its documented five-day turnaround time target for biopsy specimens, the Regina Lab did not have documented prioritization classifications and associated target turnaround times. Lack of documented guidelines increases the risk that staff do not prioritize requests consistently.

Like the Saskatoon Lab, the Regina Lab gives staff authority to reclassify a specimen from that of the requisitioning healthcare provider at the time of receipt of the requisition. Neither lab requires staff to document their classification when it differs from the requisitioning healthcare provider.

In addition, we found that neither lab had written guidance about classifying the priority of processing forensic autopsies. Staff at labs indicated that they prioritize forensic autopsies over surgical biopsies, and complete the autopsies before returning to their regular duties.

We also found that the target turnaround times of each lab were not always consistent with good practice. We found:

- The Saskatoon Lab allowed more time than good practice for some of its turnaround-time targets, and less time for its turnaround-time targets for others. For example, its turnaround time for issuing diagnosis reports for Priority 3 biopsy specimens is 14 days compared to good practices' suggestion of 5 days for routine biopsies. In another example, its turnaround time for issuing diagnosis reports for breast cancer biopsies is faster than good practice.
- The Regina Lab's documented target turnaround time of five business days was consistent with good practice for routine biopsies. As previously noted, it did not have written target turnaround times for other types of requests.

Inconsistent prioritization strategy for processing and analyzing specimens may result in some patients and healthcare providers having to wait longer for diagnosis results than others, resulting in delayed care for patients. Inconsistent target turnaround times for processing and providing diagnosis results leads to providing patient care inconsistently across the province.



3. We recommend the Saskatchewan Health Authority implement a consistent approach for prioritizing and issuing timely diagnosis reports for surgical biopsies.

4.5 Better Tracking of Specimens Needed

Neither lab maintains information about surgical biopsy specimens in a manner that enables ready tracking of the location of a specimen throughout the entire analysis process. In addition, neither lab maintains information regarding the complexity of a case and the time taken to complete each key point of analysis.

As shown in **Figure 6**, each lab tracks some information in the biopsy analysis process electronically, and all the information manually. Good practice expects that the labs would track this information electronically to easily identify where a specimen is at in the biopsy analysis process.

Figure 6—Key Tracking Points of the Biopsy Analysis Process by Lab

Key Tracking Point by Stage	Saskatoon Lab Tracks		Regina Lab Tracks	
	Electronically	Manually	Electronically	Manually
Pre-Analytical Stage				
Classify priority of Request for Analysis	No	Yes ^A	No	Yes ^A
Date and time specimen is received by the lab	Yes	Yes	No ^B	Yes
Date and time the specimen is prepared for the tissue processor	No	Yes	Yes	Yes
Date and time the specimen is processed in the tissue processor	No	Yes	No	Yes
Date and time the specimen is prepared for analysis, includes applying the specimen to a slide and applying stains to the slide so the pathologist can diagnose the specimen	No	Yes	No	Yes
Analytical Stage				
Date and time the slides are delivered to the pathologist	No	Yes	No	Yes
Post Analytical Stage				
Date and time the pathologist sends the diagnosis report to the requisitioning health care provider	Yes	Yes	Yes	Yes

Source: Key tracking points based on good practice; what is tracked electronically and manually at the labs based on Saskatchewan Health Authority records.

^A Labs do not document when they change the priority of the Request for Analysis from the healthcare professional's classification.

^B Regina enters its data entry date and time, which is not necessarily the same date and time as its receipt of the specimen.

In addition, the labs do not keep consistent electronic information. For example, as also shown in **Figure 6**, only Regina records electronically the date and time a specimen is prepared. Also, Regina records the date and time of entry of request instead of the actual date and time of its receipt of a specimen.

Furthermore, neither lab keeps track of when it reclassifies the priority of requests from that of the requisitioning healthcare provider.

Management at both labs indicated that their current IT system does not have the capability to track information on all key tracking points. At July 2018, the Saskatoon Lab had plans to implement a lab tracking IT system in December 2018. It bought this system

in April 2018 using a City Hospital Foundation donation.¹⁰ At July 2018, the Regina Lab did not have a plan to purchase a similar tracking system.

Once implemented, Saskatoon's new lab tracking system will assign a barcode to each biopsy specimen received. The Saskatoon Lab expects its staff will scan the barcode at each step in the process. This will update the system to identify when staff began and completed each key tracking point.

Management at both labs indicated they have misidentified and misplaced specimens, which has delayed the analysis process. In addition, both labs know they, on average, take longer to process specimens than their target turnaround times. However, neither know the key points that are delaying the analysis process (see **Recommendation 5**). Not having an adequate tracking system makes it labour intensive for the labs to determine if their target turnaround times are reasonable, and to determine reasons not achieving them.

As previously noted, each lab receives and processes over 40,000 cases each year. Many different lab staff are involved in the handling and processing of the surgical biopsy specimens.

Collecting and maintaining information manually results in labs not being able to easily identify who has control of the specimen, or determine how long each part (point) of the process takes (e.g., how long it takes lab technical staff to prepare the specimen for analysis). This can result in staff wasting time locating a specimen.

Not having an adequate tracking system increases the risk of labs losing or misidentifying specimens in the process which may result in labs providing untimely or inaccurate diagnosis results to health care providers, and in turn, their patients.

4. **We recommend the Saskatchewan Health Authority assess the cost-benefit of electronically tracking the location of surgical biopsy specimens throughout the key stages of the lab analysis process.**

4.6 Assessment of Inhibiting Factors in Providing Timely Diagnosis Required

The Saskatchewan Health Authority does not know why labs are not achieving turnaround targets, or whether its labs are appropriately staffed.

Neither lab tracks the number of surgical biopsy analysis requests by their complexity and priority (e.g., classification by level 1, 2, or 3), or the time it takes to complete each key tracking point in the biopsy analysis process. In addition, neither lab tracks workload of technical staff to evaluate the productivity of the work units.

Both labs report to the Executive Director of Pathology and Laboratory Services monthly on the number of specimen received and prepared for analysis as compared to their target turnaround times. While the 2017-18 monthly reports showed each lab did not meet their target turnaround times, they did not provide insight into or reasons for not doing so.

¹⁰ The Saskatoon Lab received a donation through the City Hospital Foundation on January 21, 2016, to purchase a lab tracking IT system.



Using the results of our testing of 34 surgical biopsy requests, and assessment of data compiled from each lab's IT system, we also found neither lab is issuing patient results timely. We found:

- The number of days it took the labs to issue diagnosis reports for the 34 requests we tested ranged from 1 to 222 days, resulting in an average of 35.4 days.
- For the 34 requests we tested, we found biopsies marked as urgent (Priority 1) took 1 to 222 days to complete the assessment; biopsies marked as semi-urgent (Priority 2) took 5 to 17 days to complete, and biopsies marked as routine (Priority 3) took 1 to 127 days to complete.
- The Regina Lab issued diagnosis reports, on average, later than its target turnaround time of 5 days. Its average for issuing diagnosis reports in the 2017-18 fiscal year was 18.7 days.
- The Saskatoon Lab issued diagnosis reports, on average, for the 2017-18 fiscal year, within 12.1 days. In one instance, it took the Saskatoon lab 222 days to issue a diagnosis report. Due to the limitations of its lab IT system, the Saskatoon Lab does not keep track of processing and issuance results based on its prioritization levels.

Lab management indicated they are not achieving target turnaround times because they do not have enough technical staff and pathologists. We found in 2015 they shared this view with senior management of their former health authorities (Regina Qu'Appelle and Saskatoon) through a joint report on trends in surgical pathology and status of this practice in Canada and Saskatchewan.¹¹

The 2015 joint report indicated surgical pathology practices were under new pressures because of advances in biology and treatment along with increased public expectations of accurate diagnosis reports. It noted labs in Saskatchewan had significant risks of diagnostic error because of, in part, staff shortages, structural issues, and lack of a co-ordinated approach. The report called for the labs to integrate the surgical pathology practice in the province to better utilize the skills each individual pathologist has, and better identify what specialties the province lacks.

Since the 2015 joint review, both labs took some steps to overcome challenges identified in the report. For example:

- The Saskatoon Lab changed its workflow based on a September 2014 review. It added additional shifts for lab technical staff, rotated assigned tasks more frequently, and created new work areas to maximize efficiencies. These changes reduced its average time to process a surgical biopsy from 24.3 days in 2016-17 to 12.1 days in 2017-18.
- In July 2018, the Regina Lab reviewed its workflow and identified changes required. As of July 2018, it was in the early planning stages of renovating the Lab to make its biopsy process more efficient. In addition, it was starting to analyze its technical staffing needs.
- In July 2018, pathologists began assisting in the preparation process in both Regina and Saskatoon to reduce the backlog of biopsy analysis cases.

¹¹ Surgical pathology is the study of tissues removed from living patients during surgery to help diagnose a disease and determine a treatment plan.

However, as of July 2018, neither the former health authorities nor the Saskatchewan Health Authority had further analyzed the potential for a province-wide integrated surgical pathology practice. In addition, neither lab had formally determined whether its target turnaround times were realistic, or analyzed reasons for delays.

By not meeting their turnaround-time targets, the labs are putting patients' health at risk, as timely diagnosis is required to begin any required treatment.

5. **We recommend the Saskatchewan Health Authority formally assess the surgical biopsy process at its surgical biopsy labs to identify factors inhibiting timely diagnosis.**

4.7 Incomplete Requisitions Received from Healthcare Providers

Requisitions that each lab receives from healthcare providers are not always complete and/or the priority of the request is not always properly classified (e.g., priority 1 [urgent] to 3 [routine]).

Our testing of 34 requests found one instance where a requisition form was missing key information. This error on the requisition resulted in a delay of 44 business days in completing the diagnosis report for the patient.

The results of our testing is similar to the Regina Lab's findings. The Regina Lab reported that up to 2.6% of requisitions received in each quarter of 2017-18 were incomplete. In 2017-18, the Regina Lab received 1,700 requisitions from health care providers that were incomplete. The Saskatoon Lab did not track or report on incomplete requisitions.

In addition, the Regina Lab is aware some requisitioning healthcare providers classify their requests as urgent more frequently than in prior years. While it has not tracked how many requests classified as urgent did not qualify as urgent, it thinks healthcare providers do so because of its backlog of outstanding cases.

Incomplete requisition forms from health care providers can result in delays to diagnosing a patient's biopsy. Providing health care providers with training or better guidance on completing requisitions, and when to identify a biopsy as urgent could help reduce the number of errors on requisitions received.

6. **We recommend the Saskatchewan Health Authority educate healthcare providers on properly completing surgical biopsy requisitions for Regina and Saskatoon labs.**

4.8 Quality Assurance Reporting Generally Consistent with Good Practice

Each lab provides senior management with quality assurance information that is generally consistent with good practice.

Under each lab's accreditation requirements, each lab must have a quality assurance program. This includes a review of errors, complaints or incidents, and a system for monitoring the biopsy process (e.g., number of outstanding cases). For example, in



2017-18, reports at the labs indicated that there were three specimens not labelled or incorrectly labelled and two instances of a missing specimen.

Each lab gives senior management regular reports on its quality assurance activities. In addition, lab management meet on a regular basis to discuss quality assurance. The Saskatoon Lab reports twice a year, and the Regina Lab reports each quarter.

We found the content of each report was generally consistent, with each lab using a standard format for each reporting period. For example, both labs report the number of outstanding cases daily, that is, the number of requests for which it has not issued a diagnosis report. For example, as of September 25, 2018, the Saskatoon Lab had 503 cases outstanding, and the Regina Lab had 848 cases outstanding.¹² The Saskatoon Lab reports trends on the number of specimens and cases received throughout the year. The Regina Lab does not.

4.9 Equipment Preventative Maintenance Not Always Documented

The Authority does not require the labs to track the completion of preventative maintenance. The Saskatoon Lab does not regularly keep track of when technical staff do preventative maintenance on lab equipment involved in the surgical biopsy analysis process.

Each lab has over 50 pieces of surgical biopsy equipment (e.g., tissue processors, slide printers, and slide stainers).

Each lab uses technical lab staff (with suitable expertise) to maintain relatively simple equipment (e.g., machine that embeds the tissue in wax) and manufacturers of lab equipment to do preventative maintenance (e.g., calibration) on complex or sensitive lab equipment (e.g., tissue processors).

Each lab had sufficient service agreements in place with related equipment manufacturers that set out the expected nature and extent of maintenance. Each lab maintains the service records to keep track of maintenance manufacturers complete.

For all ten pieces of equipment we reviewed at the Regina Lab, the Regina Lab kept adequate records of maintenance completed including records of who did the maintenance, and when. Its technical staff had maintained two of the ten pieces we examined; the other pieces received regular maintenance from service providers.

However, the Saskatoon Lab did not always keep track of preventative maintenance completed by technical staff. For all six pieces of lab equipment we tested, that the Saskatoon Lab staff was responsible for maintaining, the lab did not keep track of when its staff last performed preventative maintenance. Management indicated the equipment received maintenance within the last 12 months. Its technical staff had maintained 6 of the 12 pieces we examined. The other six pieces of equipment had received regular maintenance from service providers.

Not documenting when preventative maintenance on surgical biopsy equipment is completed, and by whom increases the risk of not completing maintenance as expected. In addition, without documentation, management cannot be sure maintenance is

¹² Saskatchewan Health Authority Records.

occurring as expected. Lab equipment must receive appropriate maintenance to ensure analysis is properly completed.

- 7. We recommend the Saskatchewan Health Authority require its labs to keep records of preventative maintenance completed by technical staff on its surgical biopsy equipment.**

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Chapter 24

Saskatchewan Health Authority – Preventing and Controlling Hospital-acquired Infections in the Regina General Hospital and Pasqua Hospital

1.0 MAIN POINTS

This chapter sets out the results of our audit of the processes that the Saskatchewan Health Authority used to prevent and control hospital-acquired infections in the Regina General Hospital and Pasqua Hospital.

Infections acquired in hospitals can extend a patient's hospital stay and may lead to increased complications and costs for treatments. The Saskatchewan Health Authority is responsible for keeping patients safe.

For the 12-month period ended August 31, 2018, the Saskatchewan Health Authority had, other than the following, effective processes to prevent and control hospital-acquired infections in the Regina General Hospital and Pasqua Hospital. The Authority needs to:

- Use external observers to conduct regular blind hand hygiene compliance audits and actively monitor the patient-care units with lower than acceptable hand hygiene compliance rates. This would give the Authority better information about the use of hand hygiene practices. It would also help the Authority take sufficient and timely action to improve hand hygiene practices of staff, and in turn reduce the risk of hospital-acquired infections.
- Provide staff responsible for patient care with formal periodic refresher training on infection prevention and control practices. Periodic training would reinforce to staff the importance of strong infection prevention and control practices. This, in turn, can help reduce inappropriate practices that increase the risk of transmitting an infection to patients or staff.
- Regularly give senior management a written analysis of emerging risks and causes based on trends of hospital-acquired infections. This would help the Authority identify hospitals and units therein with higher-than-normal rates of hospital-acquired infections and help them improve their practices.

2.0 INTRODUCTION

The Provincial Health Authority Act makes the Authority responsible for planning, organizing, delivering, and evaluating the health services of the province. *The Provincial Health Authority Administration Regulations* specify that health services include disease and injury prevention services.

Regina General Hospital and Pasqua Hospital are the two major hospitals providing health care services to people of southern Saskatchewan. For the year ending March 31, 2018,



38,293 (2016-17: 34,097) people were admitted to these two hospitals.¹ At March 2018, these hospitals employed about 4,400 full-time equivalent staff.

2.1 Hospital-acquired Infections

A hospital-acquired infection is an infection that a patient acquires while in a hospital that was not present or incubating on admission.² Examples of common hospital-acquired infections include infections caused by organisms such as *Clostridium difficile* (CDI), Methicillin-resistant staphylococcus aureus (MRSA), and Vancomycin-resistant enterococcus (VRE).^{3,4,5} These infections are usually spread through contact with someone who carries the disease, an infected person, or with a contaminated surface.⁶

In Canada, between 3% and 20% of hospitalized patients acquire an infection after admittance to hospital.⁷ In the most serious cases, hospital-acquired infections can cause or contribute to the death of a patient. Hospital-acquired infections contribute to approximately one-third of unexpected in hospital deaths.⁸ The Canadian Patient Safety Institute estimates that about 8,000 Canadians die annually from hospital-acquired infections.⁹

Hospital-acquired infections can extend a patient's hospital stay and may lead to increased complications and costs for treatment. For example, MRSA infected patients require on average 26 days of isolation, special control measures, and expensive treatments.¹⁰ Hospital-acquired infections add \$39 million to \$52 million annually to healthcare costs in Canada.¹¹

Infection Prevention and Control Canada suggests that up to 70% of hospital-acquired infections are preventable.^{12,13} An effective infection prevention and control program can reduce the burden associated with hospital-acquired infections, reduce length of hospital stay, lessen antimicrobial resistance, and lower costs related to treatment of infections.

3.0 AUDIT CONCLUSION

We concluded that for the 12-month period ended August 31, 2018, the Saskatchewan Health Authority had, other than the following areas, effective processes to prevent and control hospital-acquired infections in the Regina General Hospital and Pasqua Hospital.

¹ Information provided by Saskatchewan Health Authority.

² World Health Organization, *Health care without avoidable infections, The critical role of infection prevention and control*, (2016), p. 4.

³ *Clostridium difficile* is a bacterial spore that causes irritation in the bowel leading to severe cramps and diarrhea.

⁴ Methicillin-resistant staphylococcus aureus is a bacterium resistant to common antibiotics and affects the heart, lungs, bones, joints, and/or bloodstream.

⁵ Vancomycin-resistant enterococcus is a bacterium resistant to common antibiotics and causes severe urinary tract infections.

⁶ [www.patientsafetyinstitute.ca/en/Topic/Pages/Healthcare-Associated-Infections-\(HAI\).aspx](http://www.patientsafetyinstitute.ca/en/Topic/Pages/Healthcare-Associated-Infections-(HAI).aspx) (4 April 2018).

⁷ https://ipac-canada.org/photos/custom/pdf/IPAC_PROGRAM_STANDARD_2016.pdf (30 May 2018).

⁸ Ibid.

⁹ [www.patientsafetyinstitute.ca/en/Topic/Pages/Healthcare-Associated-Infections-\(HAI\).aspx](http://www.patientsafetyinstitute.ca/en/Topic/Pages/Healthcare-Associated-Infections-(HAI).aspx) (4 April 2018).

¹⁰ Public Health Agency of Canada, *Routine Practices and Additional Precautions for Preventing the Transmission of Infection in Healthcare Settings*, (2013), www.canada.ca/en/public-health/services/publications/diseases-conditions/routine-practices-precautions-healthcare-associated-infections.html (04 April 2018).

¹¹ https://ipac-canada.org/photos/custom/pdf/IPAC_PROGRAM_STANDARD_2016.pdf (30 May 2018).

¹² Infection Prevention and Control Canada, *Infection Prevention and Control (IPAC) Program Standard*, (2016), p. 16.

¹³ Infection Prevention and Control Canada is a multidisciplinary non-profit organization of professionals engaged in prevention and control of infections. They also set standards, and consult with other standard setters (e.g., Public Health Agency of Canada and the Canadian Standards Association).

The Authority needs to:

- **Conduct external and regular blind hand hygiene compliance audits**
- **Provide staff responsible for patient care with formal periodic refresher training on infection prevention and control practices**
- **Actively monitor actions taken by Regina hospitals' patient-care units with lower than acceptable hand hygiene compliance rates**
- **Regularly give senior management a written analysis of emerging risks and causes based on trends of hospital-acquired infections**

Figure 1 – Audit Objective, Criteria, and Approach

Audit Objective: to assess whether the Saskatchewan Health Authority had effective processes, for the 12-month period ending August 31, 2018, to prevent and control hospital-acquired infections in the Regina General Hospital and Pasqua Hospital.

Audit Criteria:

Processes to:

1. Plan to manage hospital-acquired infections
 - 1.1 Plan to meet national standards and requirements
 - 1.2 Develop a strategy to prevent and control infections
 - 1.3 Clarify accountability for infection prevention and control
 - 1.4 Provide resources to prevent and control infections (e.g., guidance, supplies, staff)
 - 1.5 Establish a communication strategy
2. Monitor compliance with infection prevention and control program
 - 2.1 Monitor infection control practices regularly
 - 2.2 Use a centralized system to collect accurate data to monitor infections and control practices
 - 2.3 Analyze data to identify emerging risks, trends, and areas for action
3. Report results for continuous improvement
 - 3.1 Report and contain infections promptly
 - 3.2 Report infection prevention and control program analysis and results to senior management
 - 3.3 Inform public about serious infection risks and trends

Audit Approach:

To conduct this audit, we followed the standards for assurance engagements published in the *CPA Canada Handbook – Assurance (CSAE 3001)*. To evaluate the Saskatchewan Health Authority's processes, we used the above criteria based on our related work, reviews of literature including reports of other auditors, and consultations with management. The Authority's management agreed with the above criteria.

We examined the Authority's policies, procedures, and records that relate to processes to prevent and control hospital-acquired infections. We observed practices in 15 patient-care units at Regina General Hospital and Pasqua Hospital, tested accuracy of reporting, and reviewed outbreak communications to assess operating effectiveness of the Authority's processes to prevent and control hospital-acquired infections in Regina General Hospital and Pasqua Hospital.

4.0 KEY FINDINGS AND RECOMMENDATIONS

In this section, the Infection Prevention and Control Department refers to the department located in Regina that was part of the former Regina Qu'Appelle Health Region. At August 2018, the Authority had similar departments in other locations.



4.1 Strategic Priorities for Infection Prevention and Control Set Out

The Authority has clear strategic priorities for preventing and controlling infections for the Regina General and Pasqua hospitals. These are generally consistent with the strategic direction of the Authority.

As shown in **Figure 2**, the Infection Prevention and Control Program *Strategic Directions Report* (2017-18), prepared by the former Regina Qu'Appelle Health Region, includes six strategic priorities. The priorities have the aim of improving the safety and quality of patient care by preventing and controlling the spread of infectious diseases within the former Regina Qu'Appelle region. The *Strategic Directions Report* also sets planned actions to achieve the strategic priorities.

The Report was last updated in December 2017. No further updates occurred as of August 2018 in part due to the other priorities resulting from the 2017 amalgamation of the health authorities into the Saskatchewan Health Authority.

Figure 2—Strategic Priorities for the Regional Infection Prevention and Control Program

1. Infection Prevention and Control (e.g., the use of routine practices for appropriate hand hygiene and sterilization of instruments and equipment)
2. Surveillance (e.g., participate in routine surveillance for hospital-acquired infections including CDI, MRSA, VRE; outbreak detection)
3. Policy Development (e.g., development of definitions and protocols to allow standardized surveillance of infectious diseases)
4. Education and Promotion (e.g., provide infection prevention and control orientation to all new staff; promote the use of routine precautions and hand hygiene among staff, visitors, and patients)
5. Consultation (e.g., involved in consulting in key areas of the healthcare facility such as nursing, housekeeping, laundry services, construction and maintenance activities)
6. Special Projects (e.g., hand hygiene, unit/facility audits)

Source: Saskatchewan Health Authority – Regina Infection Prevention and Control Program, *Strategic Directions Report*.

The Authority's Infection Prevention and Control Department (Regina) is responsible for carrying out the strategic priorities set out in the Report for the Regina hospitals.

Hospital unit managers of various units caring for patients within each Regina hospital are responsible for the health and safety of the units' staff and patients, as well as ensuring that all unit staff follow health and safety requirements (e.g., safe use and disposal of sharps). Unit managers are also responsible for determining the training needs of their staff. The Regina General and Pasqua hospitals have 67 patient-care units.

The Department, along with unit managers in the Regina General and Pasqua hospitals, continue to use the Report to direct their infection prevention and control priorities.

The Department carries out the infection prevention and control strategic priorities by:

- Developing infection prevention and control policies (e.g., hand hygiene, cleaning requirements, human waste management) and surveillance protocols.
- Undertaking active surveillance to identify trends and detect outbreaks (e.g., for hospital-acquired infections such as Vancomycin-resistant enterococcus infection, and *Clostridium difficile*).

- Providing orientation training to new employees to convey responsibilities to comply with infection prevention and control practices.
- Providing support to hospital units upon request and as particular issues arise.
- Consulting with different areas of hospitals (e.g., housekeeping, nursing, facilities management) through their membership in the Regional Infections Prevention and Control Operations Group. The purpose of the Group is to co-ordinate infection prevention and control practices for the hospitals.¹⁴

4.2 Dedicated Infection Prevention and Control Staff Keep Practices Current

The Infection Prevention and Control Department's staff are dedicated to prevent and control infections within the Regina and Pasqua hospitals, and have suitable education and training.

As of August 2018, the Department (Regina) consisted of eight full-time positions. This included an epidemiologist, two medical microbiologists, five infection control practitioners, a Director of the Department, an administrative assistant, and a project co-ordinator.

The epidemiologist and microbiologists are medical professionals with related university degrees (e.g., Masters of Public Health, Masters of Science).

The Authority requires infection control practitioners to have a related infection prevention and control designation (e.g., Certification in Infection Control, Certificate of Infection Prevention and Control during Construction, Renovation and Maintenance of Health Care Facilities, or Certificate of Medical Device Reprocessing Technician). We found that all five infection practitioners have their current related infection prevention and control designations.

To keep current, the Department's staff maintain memberships in Infection Prevention and Control Canada and the Saskatchewan Professionals in Infection Control.¹⁵ In addition to memberships, the Department's staff attends, and, at times, presents at infection prevention and control conferences. For example, infection control practitioners attended the Infection Prevention and Control Canada national conference in June 2018.

4.3 Policies and Procedures Align with National Standards

The Infection Prevention and Control Department's policies and procedures align with national infection control standards, including Accreditation Canada standards.¹⁶ The

¹⁴ The Group is comprised of representatives from various areas such as nursing staff from various units, housekeeping staff, facilities management, patients, a medical microbiologist, emergency health services, infection control practitioners, and Public Health Services.

¹⁵ Saskatchewan Professionals in Infection Control is part of Infection Prevention and Control Canada that provides opportunities for networking, education, and collaboration for infection control practitioners in Saskatchewan.

¹⁶ Accreditation Canada assesses and approves health care organizations to provide services to the public. Health Services Organization, which branched out from Accreditation Canada in February 2017, sets national standards.



Department has about 30 procedures related to infection prevention and control for acute care.

As of August 2018, the Department continued to use the policies and procedures of the former Regina Qu'Appelle Health Region. Management indicated that the Authority plans to establish provincial infection control policies and procedures in the future.

The Department's policies and procedures address the following three key aspects of infection prevention and control: personal hygiene (e.g., hand washing), equipment cleaning, and general cleaning (e.g., room, hallway, laundry services).

The Department keeps the policies and procedures up to date. It reviews policies and procedures on a cyclical basis every three years. For example, in 2017-18, the Department reviewed 5 policies and procedures, and plans to review 11 in 2018-19.

It keeps staff informed of the policies. It posts all the infection control policies and procedures on its internal website. We found these policies and procedures understandable and readily accessible.

When a policy or procedure change occurs, the Department notifies the hospital unit managers impacted by the change. The Executive Sponsorship Group of the former Regina Qu'Appelle Health Region approved all policy or work standard changes.¹⁷ It is the unit manager's responsibility to update the unit's staff of the changes.

For five policies and procedures we tested, all aligned with national infection control standards and met Accreditation Canada requirements. We also found that all five policies and procedures were current (i.e., reviewed and updated within the last three years).

In addition, each Regina hospital has standard procedures to inform patients who acquire an infection in the hospital.¹⁸ Patients receive notification and education when they contract an infection while in the hospital. Each hospital keeps available and uses signs for patients on additional precautions to alert patients, staff, and visitors what to do (e.g., wash hands, wear an isolation gown) before entering a room on additional precaution.

In our visit of 15 units across the two hospitals, we observed rooms that required signage for contact precautions and airborne precautions had the appropriate advisory signage for patients, staff, and visitors. For those rooms, we also observed that the hospital had made personal protective equipment readily available by the entrance to the rooms.

4.4 Inpatient Rooms Structured Adequately to Prevent and Control Infections

The Authority meets international standards for isolation space in its Regina hospitals.

International standards suggest at least 20% of the total bed complement in inpatient units across a healthcare facility be single rooms.¹⁹ Single rooms typically allow for the isolation of patients that spread an infection through touch. Medical staff and visitors

¹⁷ The Executive Sponsorship Group included the Medical Health Officer, the medical microbiologist, physician representatives, patient representatives, and several executive directors.

¹⁸ The Department also notifies the person whose lab results show the presence of bacterial infection even if the infected person may not have signs or symptoms of infection.

¹⁹ http://healthfacilityguidelines.com/Guidelines/ViewPDF/IHFG/IHFG_part_d_isolation_rooms (04 September 2018).

typically are to use personal protective equipment (e.g., gloves and gowns) when entering these rooms.

We found, at August 2018, the Regina General and Pasqua hospitals exceeded single room requirements by having approximately 40% of all inpatient beds as single rooms.

International standards indicate that healthcare facilities should provide at least one room with negative air pressure per 100 inpatient beds to protect patient and staff from airborne transmissions (i.e., 1% of inpatient beds).²⁰

We found, at August 2018, the Regina General and Pasqua hospitals exceeded the negative-air pressure requirements by having a combined 60 rooms for their 676 inpatient beds (i.e., 8.9% of inpatient beds).

4.5 Formal Education Updates Required

The Authority gives new staff that provide patient care in the Regina General and Pasqua hospitals infection prevention and control orientation training. However, contrary to good practices, it does not provide them with formal periodic refresher training on infection prevention and control practices.

Infection and Prevention Control Canada recommends providing staff with education on infection prevention and control at least annually (e.g., webinars, classroom training).

New staff at the Regina General and Pasqua hospitals receive about a one-hour orientation shortly after they start work that sufficiently covers key aspects of infection prevention and control. Orientation includes an overview of hospital-acquired infections, ways of transmission, and practices set out in the work standards (e.g., hand hygiene, handling sharps, using personal protective equipment).

The Authority does not require staff at the Regina General and Pasqua hospitals to receive refresher training on infection prevention and control. It has not identified what education hospital staff (e.g., cleaning staff, nursing staff) should receive routinely about preventing and controlling infections.

Rather individual unit managers may ask on an ad hoc basis the Infection and Prevention Control Department to give their staff training (e.g., single use of gloves, hand hygiene). For example, staff of the Department may participate in a unit's wall walk, or give a specific training session to certain staff.²¹

The Department tracked who requested education, type of education, when and who gave the education, and number of participants up to December 2017. For example, during the three-month period ending December 2017, the Department provided two sessions on hand hygiene. It no longer tracks the education provided. Therefore, the Department does not analyze or report on the nature and extent of training it provided each year.

Periodic refresher training helps keep staff up-to-date, and provides an opportunity to reinforce the importance of key activities to prevent and control hospital-acquired

²⁰ A negative pressure room is an isolation technique used to prevent cross-contaminations from room to room. The ventilation system generates negative pressure to allow air to flow into the isolation room but not escape from the room.

²¹ A wall walk is a short, stand-up meeting that brings unit managers and staff together at the same time each day or week. The manager reviews the team's progress towards achieving regional or unit targets displayed on the unit's visibility wall.



infections. Not having periodic refresher training can lead to inappropriate practices that may increase the risk of infection transmission, and compromise the wellness and health of patients and staff.

1. **We recommend that the Saskatchewan Health Authority give hospital staff, responsible for patient care, formal training updates on infection prevention and control practices at least annually.**

4.6 Alternative Methods of Monitoring Staff Compliance with Practices Needed

While the Authority routinely monitors staff's compliance with established infection prevention and control practices, it needs to do more.

The Authority monitors staff at Regina hospitals' compliance with established infection prevention and control practices in several ways. Its key monitoring activities are:

- Daily environmental services cleaning audits to assess compliance with general cleaning practices
- Monthly and periodic audits at patient-care units to monitor staff's compliance with the hand hygiene compliance policy
- Annual general cleaning audits at units to assess compliance with general cleaning practices and the patient service environment

The following further discusses each key monitoring activity.

Environmental Services Cleaning Audits Completed Regularly and Deficiencies Resolved Quickly

Management in environmental services complete regular audits to determine whether staff follow established cleaning standards.

The Environmental Services unit for the Regina hospitals (i.e., housekeeping) train its staff at the beginning of their employment to clean different hospital environments. Unit supervisors complete a daily visual audit of a room to determine whether staff cleaned the room appropriately.

Unit supervisors also complete random fluorescent ink spots audits (approximately 25 per month). Before the shift, supervisors mark with invisible ink high-touch areas (e.g., sink, door handles, etc.) that require a certain amount of pressure and cleaning agents to remove the ink. After cleaning, supervisors check the spots to see if adequate cleaning occurred.

We observed that the Environmental Services unit keeps track of its audits completed and related results. We noted that for identified deficiencies in cleaning, the unit addresses them immediately.

More Consistent Hand-hygiene Compliance Audits Needed

The compliance rate of staff of Regina hospitals with the hand-hygiene policy was consistently below their target of 100%. Contrary to Ministry of Health guidelines, the Regina hospitals do not complete blind direct observation audits of hand hygiene on a regular basis, or use staff external to the unit for direct observation audits. In addition, not all units at the Regina General and Pasqua hospitals report the results of their direct observation audits of hand hygiene to the Department on a monthly basis as expected.

Hand hygiene is one of the main ways to prevent and control the spread of infections. Audits determine whether staff use appropriate hand hygiene practices. In blind direct observation audits (blind audits), staff observe a unit staff's compliance with the hand hygiene policy when they are unaware of being observed. In direct observation audits, staff openly observe other staff's compliance with the hand hygiene policy.

Consistent with good practice, the Ministry of Health guidelines for hand hygiene indicate staff external to a unit/facility should observe compliance with hand hygiene to decrease the potential for bias. In addition, the Ministry guidelines suggest results of blind audits are more representative of true hand hygiene compliance than direct observation audits.²²

Each month, the Authority expects a staff member from each patient-care unit in its two Regina hospitals to conduct direct observation hand hygiene audits to openly assess fellow staff's compliance with the hand hygiene policy (see **Figure 3**), and submit results to the Infection Prevention and Control Department (Regina).

Each month, the Department calculates the hand-hygiene compliance rate of these direct observation audits for each unit and hospital. It reports rates to the unit managers, and posts them on the internal and external website each quarter. It also shares the hand-hygiene compliance results with senior management quarterly.

Figure 3—Hand-hygiene Compliance Policy

- Staff are expected to perform hand hygiene:
- Before entering or leaving any facility or unit
 - Before client/client environment (e.g. client room, equipment in client room) contact
 - After client/client environment contact
 - Before aseptic task (e.g., sterilization of equipment)
 - After body fluid exposure risk

Source: Hand Hygiene Compliance Policy.

With respect to direct observation audits of hand hygiene at the Regina hospitals, we found:

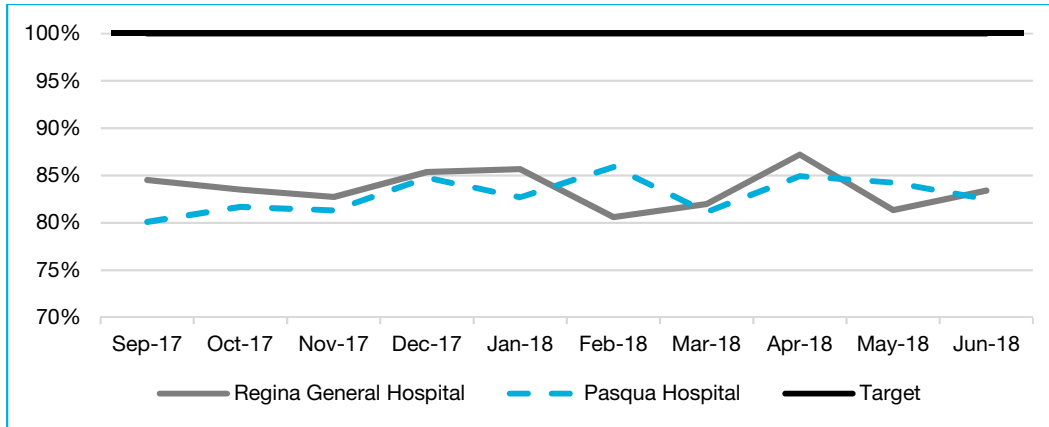
- Ten of 67 units did not always report the monthly audit results for the 12-month period ended August 31, 2018. For example, one unit in the Pasqua Hospital did not submit four monthly hand-hygiene audit results for the 10-month period from September 2017 to June 2018. Furthermore, staff carrying out these audits observed fellow staff; that is, they were not external to the unit as the Ministry guidelines suggest.

²² Government of Saskatchewan, *Saskatchewan Infection Control Program – Hand Hygiene Working Group, Infection Prevention and Control Recommendations for Hand Hygiene in all Healthcare Settings*, (2017), p. 3.



- The average compliance rate from September 2017 to June 2018 in both Regina hospitals fluctuated between 80% and 87% (see **Figure 4**). This is consistently below their target rate of 100%.

Figure 4—Average Direct Observation Audit Compliance Rate of Hand Hygiene in Regina Hospitals

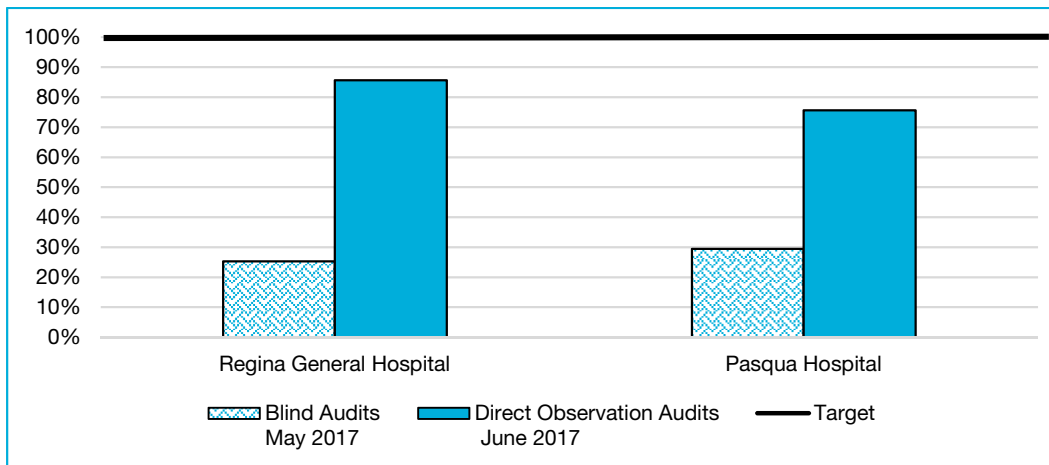


Source: Former Regina Qu'Appelle Health Region Hand Hygiene Regional Reports.

With respect to blind audits of hand hygiene at the Regina hospitals, we found:

- The Department did one series of blind audits (when people are not aware that they are observed) in May 2017. The Department conducted 16 hand-hygiene blind audits in patient-care units throughout the two hospitals using the same criteria and the same extent as direct observation audits (when people may know that they are observed).
- As shown in **Figure 5**, the compliance rate for blind audits at the Regina hospitals were significantly lower than rates of the direct observation audits for a similar period (some units had 60-70% difference in compliance rates between these two types of audits, and where the observer was external to the unit). This difference suggests actual compliance rates for hand hygiene may be significantly lower than that reported each month.

Figure 5—Comparison of Compliance Rates of Hand Hygiene Direct Observation Audits and Blind Audits in Regina General Hospital and Pasqua Hospital^A



Source: The Infection Prevention and Control Department records.

^A Direct observation audits were done in June 2017. The May 2017 blind audits were reported in June 2017.

Not routinely conducting blind audits of hand hygiene or using staff external to units to observe compliance with hand hygiene practices increases the risk that compliance rates may not be representative of day-to-day hand-hygiene practices. Not having accurate compliance rates may increase the risk of the Authority not taking sufficient or timely action to improve hand hygiene practices of staff. This in turn places patients and staff at greater risk of hospital-acquired infections.

2. **We recommend that the Saskatchewan Health Authority use external observers to conduct regular blind direct observation hand-hygiene compliance audits in its hospitals.**

General Cleaning Practices Not Always Followed

The Infection Prevention and Control Department (Regina) adequately evaluates compliance of each patient-care unit with general cleaning practices on an annual basis. Staff do not always follow good general cleaning practices.

Starting the spring 2016, the Department conducted annual general cleaning compliance audits of each patient-care unit. In these audits, the Department evaluated a unit's general cleaning practices, and the patient service environment (e.g., nursing station, medical preparation areas, patient rooms, clean and dirty utility rooms) using a nationally recognized audit tool.²³ For example, it assessed whether:

- Waste containers are overfilled
- Clean and soiled linen are transported and stored separately
- Alcohol-based hand rub is at the nursing station
- Areas/rooms have a clean, orderly appearance with minimal supplies (e.g., no stockpiling)
- Personal protective equipment is available and accessible in appropriate sizes at point-of-care
- Clean and sterile supplies are protected from dust, dampness, or water sources

The Department gave unit managers the results of their audit shortly after its completion to enable unit managers to address identified deficiencies as quickly as possible. The Department typically followed up with units with significant identified deficiencies three months after the audit. Significant deficiencies include no alcohol-based hand rub near nursing stations, or no schedule for cleaning the hallway cart. In 2017-18, the Department identified significant deficiencies in only a few units.

For 15 units in the two hospitals, we observed staff did not always follow good practice for general cleaning. For example, in one unit, we found clean linen carts were not always covered; and in five other units some carts were in close proximity to garbage cans and soiled linen. Our observations suggest additional reminders to staff to follow good practices for infection prevention and control may be warranted. See **Recommendation 1**

²³ Infection Prevention and Control Canada, *Infection prevention and control audit for Client/Patient/Resident Service unit environment*. An annual audit is considered to be a good practice.



about giving hospital staff formal training updates on infection prevention and control practices. Poor cleaning practices, such as those we observed, increase the risk of contamination and infections.

4.7 Active Oversight of Hand-hygiene Corrective Action Plans Needed to Improve Compliance

The Authority does not actively oversee the implementation of hand-hygiene corrective action plans for units with low compliance rates to ensure their staff improve hand-hygiene practices. Not all patient-care unit managers are doing enough to improve hand-hygiene practices.

Job descriptions of patient-care unit managers state that they are to ensure their staff follow established policies and procedures; these include infection control policies and procedures.

Management expects unit managers to post monthly hand-hygiene compliance rates on the unit's visibility wall to remind staff of the importance of hand hygiene. During daily wall walks, managers are to remind staff about hand hygiene, and reinforce compliance. Also, when compliance rates are low, unit managers are to develop and post corrective action plans on their unit walls. The correction action plans are to set out:

- Issues identified
- Root causes
- Key actions
- Person responsible for key actions
- Expected completion date

For 4 of the 15 patient-care units we observed, the hand-hygiene compliance rates were not posted on the visibility wall. The average compliance rates of these units between April to June 2018 ranged from 43% to 87%.

For 4 of the 8 patient-care units we observed with compliance rates below 90% in August 2018, none of them had developed corrective action plans. Between July 1 and September 30, 2018, the compliance rate among the 4 units ranged from a minimum of 33% to a maximum of 93%, with an average of 65%.

Without posting hand-hygiene audit results and corrective action plans, unit managers may not actively reinforce the importance of good hand hygiene practices, or take sufficient steps to improve hand-hygiene activities of staff in their unit.

We found that the Authority was not actively holding patient-care units accountable for the results of hand-hygiene audits. We noted that the Infection Prevention and Control Department did not have authority to ask units whose compliance rates remained below target over a longer period to make improvements. We further noted hospital management was not actively overseeing whether their units (with compliance rates not meeting target)

developed or implemented corrective action plans, or improved hand-hygiene practices as expected.

As shown in **Figure 4**, the reported hand-hygiene compliance rates of the Regina hospitals have remained well below the 100% target for the past three years (average compliance rates for both hospitals fluctuated between 80% and 87%). We note hand-hygiene compliance targets across jurisdictions vary. For example, Manitoba's Winnipeg Regional Health Authority had a 2017-18 target of 100% and a goal of 80% for hand-hygiene compliance rates with an actual rate of 68% at the end of quarter four in 2017-18.²⁴ We also note that Alberta Health Authority had a 2017-18 target of 90% with an actual 2017-18 rate of 85%.²⁵

As previously noted, given day-to-day hand-hygiene practices may be worse than the reported hand-hygiene compliance rates, the use of an interim target rate (goal) is a way to help focus resources on units requiring greater attention or monitoring.

At August 2018, the Authority had not considered whether the use of an interim target rate (goal) would help it focus its resources on those units with compliance rates that it views as unacceptable, and who have the highest risks of placing patients at risk.

Not actively holding patient-care units with unacceptable hand-hygiene compliance rates accountable increases the risk of not taking timely corrective actions, and places patients and staff at increased risk of hospital-acquired infections.

3. We recommend that the Saskatchewan Health Authority actively monitor actions taken by Regina hospitals' patient-care units with lower than acceptable hand-hygiene compliance rates.

4.8 Patient-care Units Informed of Risks of Infections Promptly

The Infection Prevention and Control Department immediately notifies relevant patient-care units in each Regina hospital of identified infections to reinforce infection control practices.

On a daily basis, the Department receives infection-related lab results from the Provincial Lab and the Regina General Hospital Lab.²⁶ The Department aggregates this data using an electronic spreadsheet, and then informs relevant patient-care units of the results promptly.

For one month of lab results of infections that we tested, the Department appropriately included all lab results received in its spreadsheet, and conducted timely infection transmission investigations. The Department investigates where the infection transmission occurred and promptly notifies units where the infection was acquired or transmitted.

²⁴ www.wrha.mb.ca/prog/ipc/files/HandHygieneComplianceQ1-2018-19.pdf (10 October 2018).

²⁵ www.albertahealthservices.ca/assets/about/publications/2017-18-annual-report-web-version.pdf (10 October 2018).

²⁶ Both the Regina General Hospital Lab and the Roy Romanow Provincial Laboratory, formerly the Saskatchewan Disease Control Laboratory, provide testing for communicable diseases.



4.9 Outbreaks of Infections Reported Promptly

The Authority has established, and used a clear protocol to report outbreaks of infections promptly.

Hospital-acquired infections may have serious consequences for high-risk patients with weak immune systems.

In Regina hospitals, the Authority may declare an outbreak if there are two or more transmissions in seven days. It consults medical microbiologists to assess the situation before confirming and declaring an outbreak.

Each hospital, through outbreak management procedures, requires staff to complete a checklist to make sure the hospital notifies all relevant parties (e.g., Ministry of Health, Public Health, management in the hospitals, physicians) of the outbreak. Staff must place notifications at the entrance to a unit to alert visitors and staff of a current outbreak, and procedures they must follow if they plan to enter the unit.

During the 12-months ending August 2018 (the audit period), the Regina hospitals reported two outbreaks of infections. For the one reported outbreak we tested, the Authority followed its established processes, and informed all relevant parties promptly. It also posted the outbreak information on its internal website for all staff. In addition, it gave relevant parties weekly updates until the outbreak was over.

As shown in **Figure 6**, the number of outbreaks of three common hospital-acquired organisms (Methicillin-resistant staphylococcus aureus, Vancomycin-resistant enterococcus, and Clostridium difficile) over the last three fiscal years in Regina General and Pasqua hospitals is low.

Figure 6—Number of Outbreaks by Organism Type for 2016-17, 2017-18, and 2018-19 in Regina Hospitals

Organism	2016-17	2017-18	2018-19 ^A
Methicillin-resistant staphylococcus aureus (MRSA)	None	None	None
Vancomycin-resistant enterococcus (VRE)	5	1	None
Clostridium difficile	2	None	1

Source: The Infection Prevention and Control Department records.

^AApril-August 2018

4.10 Infection Rates Routinely Reported

Each quarter, the Infection Prevention and Control Department (Regina) makes data on infection rates readily accessible to hospital staff and management. It reports key rates to the Ministry and nationally, as expected.

The Department's clinical epidemiologist calculates monthly infection rates by facility, including hospitals, using aggregated lab information. We found the Department posts the results on its internal website quarterly and annually as expected.

The Authority actively monitors certain antibiotic-resistant organisms (e.g., Methicillin-resistant staphylococcus aureus [MRSA], Vancomycin-resistant enterococcus [VRE]) and Clostridium difficile (CDI) through surveillance programs. For example, under the Extended Stay for VRE and MRSA program, each hospital screens all admitted patients for these organisms every 30 days.

The Department calculates, using national standards, monthly infection rates for Antibiotic-Resistant Organisms, and Extended Stay for VRE and MRSA. We found that it reports the quarterly results for VRE and MRSA to the Canadian Nosocomial Infection Surveillance Program.²⁷ We also found it gave the Ministry of Health the number of CDIs each quarter as expected.

4.11 Better Analysis of Causes of Hospital-acquired Infections Needed

Active monitoring of infection rates was reduced during reorganization of the Authority's Infection Prevention and Control departments. Analysis of trends in the Regina hospitals and emerging risks and causes of hospital-acquired infections is limited.

Up to February 2018, the Executive Sponsorship Group of the former Regina Qu'Appelle Health Region received monthly reports on hospital-acquired infections, and written updates on infection prevention and control practices.²⁸ Management indicated that this Group is no longer active because of changes resulting from and pending due to the amalgamation of the Authority.

While the Infection Prevention and Control Department (Regina) continues to compare infection rates to its internal historical data to identify trends, since February 2018, neither it nor the Authority formally analyzed trends or determined root-causes for changes, and reported on them.

For instance, the Authority did not identify reasons for the decreased number of Vancomycin-resistant enterococcus infections for Regina General Hospital in the first two quarters of 2017-18 (see **Figure 7**), and the return in the last two quarters of 2017-18 to numbers similar to 2016-17.

In addition, reports on hospital-acquired infections did not identify the type of patients affected, potential causes of trends, or outline actions to reduce infection rates. Also, they did not link locations of incidents of hospital-acquired infections to the hand-hygiene compliance rates of those units.

²⁷ CNISP Network refers to the Public Health Agency of Canada's (PHAC's) Canadian Nosocomial Infection Surveillance Program (CNISP). The national program includes 10 provinces with 65 hospitals participating. Both Regina General Hospital and Pasqua Hospital submit data to PHAC.

²⁸ The Executive Sponsorship Group included the Medical Health Officer, the medical microbiologist, physician representatives, patient representatives, and several executive directors.

**Figure 7—Number of Infections by Organism Type Acquired at Regina General and Pasqua Hospitals in 2016-17 and 2017-18^A**

Organism	2016-2017					2017-2018				
	Quarter One	Quarter Two	Quarter Three	Quarter Four	Total	Quarter One	Quarter Two	Quarter Three	Quarter Four	Total
Regina General Hospital										
Vancomycin-resistant enterococcus (VRE)	35	34	18	50	137	18	17	33	26	94
Methicillin-resistant staphylococcus aureus (MRSA)	30	30	23	22	105	16	14	13	9	52
Clostridium difficile	11	17	7	10	45	8	9	12	12	41
Pasqua Hospital										
Vancomycin-resistant enterococcus (VRE)	48	18	48	29	143	21	27	49	15	112
Methicillin-resistant staphylococcus aureus (MRSA)	7	13	13	8	41	5	6	7	8	26
Clostridium difficile	13	6	16	9	44	5	5	5	4	19

Source: The Infection Prevention and Control Department records.

^AThis table also includes cases when the organism causing infection was acquired but did not cause any signs or symptoms of infection.

Without routine analysis of infection trends and linkage to results of audits of infection prevention and control practices, the Authority may not sufficiently protect staff and patients from infections acquired in its facilities. The Authority also may miss identifying opportunities for improvement at the hospitals and units therein with higher than normal rates of hospital-acquired infection.

4. We recommend that the Saskatchewan Health Authority regularly give senior management a written analysis of emerging risks and causes based on trends of hospital-acquired infections.

At August 2018, management indicated that they were reorganizing responsibilities for infection prevention and control for the Authority as a whole. Management expects to have standardized province-wide reporting about infection prevention and control for senior management and the Board by the 2019-20 fiscal year.

4.12 Surgical-site Infections Monitored Monthly

The Authority monitors surgical site infections for a number of surgical procedures (e.g., caesarean sections, hysterectomies, colorectal, neurosurgery, total hip and knee replacements).

Surgical site infections may occur in the area of the skin where the incision was made, beneath the incision area in muscle and the tissues surrounding the muscles, or in any area of the body that was involved in surgery (e.g., a body organ). Surgical site infections may also include the common hospital-acquired infections (e.g., MRSA, VRE).

The Infection Prevention and Control Department (Regina) monitors patients post operation to determine if the patient contracted a surgical site infection. It uses a standardized formula to calculate infection rates for surgical site infections to help identify trends by surgical procedure, operating room, and surgeons.

On a monthly basis, the Department reports surgical site infection rates to the Surgical Executive Committee. This Committee is comprised of directors and executive directors of various surgical departments (e.g., obstetrics and gynecology, surgical care services, orthopedics). The Committee uses this data for research and corrective action if required (e.g., discussions with surgeons). We reviewed the minutes of this Committee and found that they regularly discuss surgical site infection rates and research activities.

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Chapter 25

SaskPower—Maintaining Above-Ground Distribution Assets

1.0 MAIN POINTS

Both industry and households rely on the availability of power. Power helps us communicate, heat our homes, cook our food, and enjoy technology. Power is also critical to economic growth and security.

SaskPower maintains one of the largest electricity transmission and distribution systems in Canada. Effective maintenance is key to providing customers with a safe, reliable source of power. It reduces the risk of unplanned power outages, higher costs of supplying power, or power blackouts during peak times.

This chapter reports on the results of our audit of SaskPower's processes to maintain above-ground assets used to distribute electricity. Above-ground assets used to distribute electricity include wood poles, power line conductors, voltage regulators, reclosers, overhead switches, poletop transformers, and capacitor banks.¹ In this report, we refer to these assets as above-ground distribution assets.

SaskPower's processes to maintain its most significant above-ground distribution asset, wood poles, were more mature than its processes for its other above-ground distribution assets. This experience may help it to improve processes for maintaining its other above-ground distribution assets. To improve its maintenance processes for those other assets, SaskPower needs to:

- Complete formal risk assessments to support its strategies for inspections and preventative maintenance. Formal evidence-based risk assessments would help SaskPower determine the optimal type and timing of maintenance.
- Gather complete information about asset condition needed for risk-informed asset planning. Such information would help SaskPower focus its resources on assets with the highest risk of significant failure, or posing the greatest safety risks.
- Formally prioritize maintenance to support a risk-informed allocation of resources over the longer term. Prioritizing would help SaskPower use its maintenance resources wisely by scheduling the right maintenance at the optimal time.
- Formally determine the consequences of not maintaining assets as planned, and report them regularly to senior management. Knowing the consequences of deferring maintenance would help SaskPower assess the risks of asset failure and safety incidents, and anticipate increased costs.

¹ Above-ground assets to distribute electricity do not include power substations or streetlights and related assets that SaskPower is responsible for maintaining.

2.0 INTRODUCTION

2.1 Providing Power in Saskatchewan

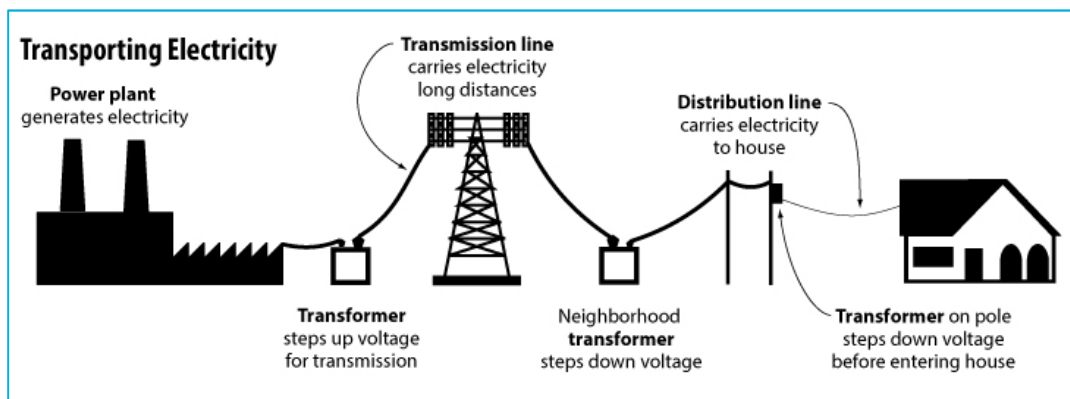
SaskPower is the principal supplier of electricity in Saskatchewan. SaskPower operates primarily under the mandate and authority of *The Power Corporation Act*. Its corporate mission is to ensure reliable, sustainable, and cost-effective power for its customers and the communities it serves.²

Each year, it generates, transmits, and distributes power to nearly 533,000 customers over approximately 652,000 square kilometres.³ Its customer base has grown by nearly 32,000 customers (or 6%) during the past five years (i.e., from 2013 to 2018).⁴

As shown in **Figure 1**, SaskPower generates electricity in power plants (using generation assets), transmits this electricity at high voltages on transmission lines (using transmission assets), and then lowers the voltage and distributes the electricity to consumers through a series of distribution lines (using distribution assets).⁵ At March 31, 2018, SaskPower owned \$2.4 billion of assets used to distribute electricity including above-ground distribution assets.⁶

See glossary in **Section 5.0** for technical terms used.

Figure 1 – Transporting Electricity (Generation, Transmission, Distribution)



Source: Adapted from National Energy Education Development Project graphics library (public domain).

SaskPower makes one of its nine divisions—the Asset Management, Planning and Sustainability Division—responsible for planning and prioritizing SaskPower’s investment needs for core assets including power generation, transmission, and distribution assets. Its Distribution Asset Management and Planning Group is comprised of over 30 full-time equivalent positions whose responsibilities include planning maintenance of above-ground distribution assets.

SaskPower makes staff within its Operations and Maintenance group responsible for carrying out maintenance of distribution assets.

² SaskPower, *SaskPower 2017-18 Annual Report*, p. 9.

³ *Ibid.*

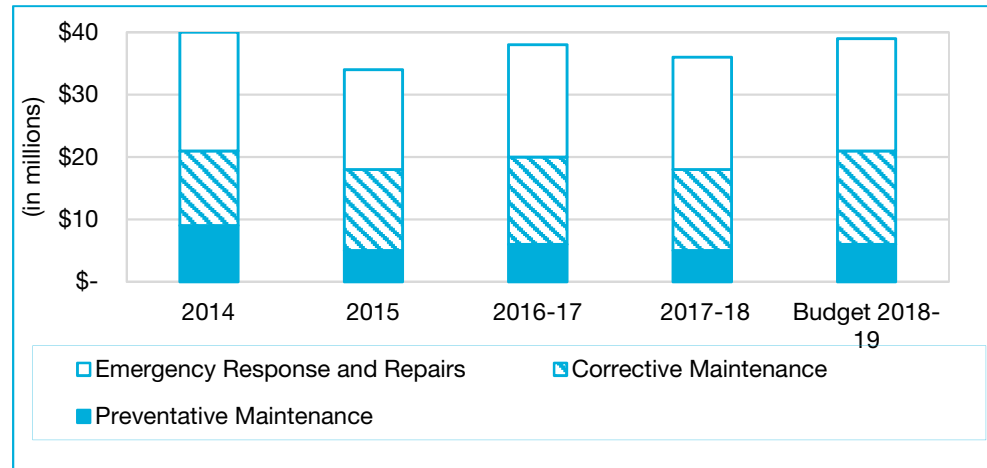
⁴ *Ibid.*, p. 125.

⁵ Distribution lines use a combination of above-ground and below-ground assets to distribute power.

⁶ SaskPower, *SaskPower 2017-18 Annual Report*, p. 89.

As shown in **Figure 2**, SaskPower’s spending on maintenance of its existing distribution assets fluctuated slightly over the past four years. In 2018-19, SaskPower expects to spend about \$39 million maintaining its existing distribution assets, and \$197 million for capital projects to sustain, improve, and connect new customers to SaskPower’s distribution infrastructure.⁷

Figure 2—Five-year Trend of Distribution Asset Maintenance Expense from 2014 to 2019^A



Source: SaskPower financial records.

^A In common with other CIC Crowns, SaskPower changed its fiscal year to March 31 from December 31 effective January 1, 2016. For 2015, results are for the 12-month period January 1, 2015 to December 31, 2015. For 2016-17, results are for the 12-month period April 1, 2016 to March 31, 2017.

2.2 Importance of Maintaining Power Distribution Infrastructure

SaskPower maintains one of the largest transmission and distribution systems in Canada, but, relative to other power utility companies, has relatively few customer accounts.⁸ Saskatchewan has about 3.5 customer accounts per circuit kilometre as compared to the Canadian average of 18.0 customer accounts per circuit kilometre.⁹ This means that it must spread the cost to sustain and maintain this system across a modest number of customers.

In 2017, the Saskatchewan Rate Review Panel recommended SaskPower limit its growth in Operations, Maintenance and Administration expense per customer account to less than the annual growth of Saskatchewan’s consumer price index.¹⁰ This puts greater pressure on SaskPower to spend its maintenance dollars in the right place at the right time.

Much of SaskPower’s distribution infrastructure is aging (i.e., built between 1950 and 1965).¹¹ Over the past five years, aging infrastructure caused 34% of SaskPower’s unplanned power outages.¹²

⁷ SaskPower financial records.

⁸ Saskatchewan Rate Review Panel, *Review of SaskPower’s 2018 Rate Application*, p. 12-1.

⁹ SaskPower records.

¹⁰ The Saskatchewan Rate Review Panel made this recommendation in its November 7, 2017 *Report to the Minister Responsible for Crown Investments Corporation of Saskatchewan Regarding the SaskPower 2016 and 2017 Rate Application*, p. 22.

¹¹ SaskPower, *SaskPower 2018 Rate Application*, p. 11.

¹² SaskPower records.



SaskPower has identified the risk that the rate at which its power transmission and distribution infrastructure is aging could be outpacing its sustainment and maintenance activities. This risk can result in unplanned power outages, higher costs, or power blackouts during peak times.¹³

Planning for and completing required maintenance is essential for providing customers with a reliable source of power. Unplanned power outages resulting from unplanned repairs can be disruptive and costly. Improper or untimely maintenance could result in unplanned outages negatively affecting businesses who need power to operate, or public safety. Excessive deferred maintenance can reduce asset value or service life (e.g., having to replace earlier than intended), and cause high-cost major repairs.

3.0 AUDIT CONCLUSION

We conclude that, for the period March 1, 2017 to April 30, 2018, Saskatchewan Power Corporation had effective processes, other than in the following areas, to maintain its above-ground assets used to distribute electricity. With respect to these assets, SaskPower needs to:

- **Complete formal risk assessments to support its strategies for inspections and preventative maintenance**
- **Gather complete information about asset condition needed for risk-informed asset planning**
- **Formally prioritize maintenance to support a risk-informed allocation of resources over the longer term**
- **Formally determine the consequences of not maintaining assets as planned**
- **Report regularly to senior management the consequences of not completing planned maintenance**

SaskPower identified wood poles as its most significant above-ground distribution asset. SaskPower's processes to maintain wood poles were more mature than its processes for other above-ground distribution assets—it may be able to use its experience in maintaining wood poles to help it improve its processes for maintaining its other above-ground distribution assets.

Figure 3—Audit Objective, Criteria, and Approach

Audit Objective:

The objective of this audit was to assess the effectiveness of Saskatchewan Power Corporation's processes, for the period March 1, 2017 to April 30, 2018, to maintain above-ground assets used to distribute electricity.

Above-ground distribution assets include wood poles, power line conductors, voltage regulators, reclosers, overhead switches, poletop transformers, and capacitor banks. See **Figure 4** for a description of each of these assets.

¹³ SaskPower, *SaskPower 2016-17 Annual Report*, p. 65.

Audit Criteria:

Processes to:

1. Keep reliable information on significant assets
 - 1.1 Identify significant assets, including components, that must be maintained
 - 1.2 Determine long-term performance requirements (e.g., expected service life, acceptable asset condition)
 - 1.3 Maintain current, reliable information needed to manage maintenance (e.g., asset condition, remaining service potential, estimated maintenance costs, estimated replacement costs)
 - 1.4 Assess risk that significant assets will not meet long-term performance requirements
2. Develop a maintenance plan
 - 2.1 Establish specific maintenance strategies and performance measures
 - 2.2 Set maintenance priorities (short, medium, and long term)
 - 2.3 Evaluate strategies against available resources (short, medium, and long term costs)
3. Carry out maintenance effectively
 - 3.1 Use recognized maintenance standards
 - 3.2 Implement maintenance procedures consistent with standards
 - 3.3 Provide staff with guidance on use of maintenance procedures
 - 3.4 Track maintenance activities
4. Monitor performance of maintenance
 - 4.1 Analyze progress in carrying out maintenance plan
 - 4.2 Periodically report on maintenance activities (e.g., progress against maintenance plan, total deferred maintenance) to internal and external stakeholders (i.e., Board, CIC, public)
 - 4.3 Adjust plans as new information becomes available

Audit Approach:

To conduct this audit, we followed the standards for assurance engagements published in the *CPA Canada Handbook – Assurance (CSAE 3001)*. To evaluate SaskPower’s processes, we used the above criteria based on our related work, reviews of literature including reports of other auditors, and consultations with management. SaskPower’s management agreed with the above criteria.

We examined SaskPower’s policies and procedures that relate to maintaining above-ground assets used to distribute electricity. We interviewed SaskPower staff responsible for planning, carrying out, and reporting on maintenance. In addition, we reviewed related documentation (e.g., asset plans, maintenance strategies, contracts, monitoring reports). We consulted with an expert to help assess if SaskPower’s processes aligned with best practice guidance (e.g., maintenance strategies, forms used to collect information on assets). We tested key aspects of SaskPower’s processes, including samples of work orders, maintenance records, and staff training records.

Figure 4—Description of Above-ground Distribution Assets

Asset Type	Purpose
Wood Pole	➤ Provides structural support for above-ground distribution assets (e.g., power line conductors)
Voltage Regulator	➤ Continually adjusts (raises or lowers) the voltage on the distribution system to ensure that customers receive power within acceptable limits
Recloser	<ul style="list-style-type: none"> ➤ Automatically isolates the distribution system to protect the public and prevent irreparable damage to assets from a sustained short circuit ➤ Improves service continuity by automatically isolating and restoring power to powerlines during momentary interruptions, such as lightning or wildlife contacts
Overhead Switch	➤ Enables isolation of a section of power line resulting in fewer customers being affected when an outage is required for scheduled maintenance or repairs; allows customers to be serviced from different feeders during a power outage so power can be restored while repairs are ongoing
Capacitor Bank	➤ Stores electrical energy to help tune and optimize the operation of the distribution network, thereby deferring the need and expense of additional capacity on the electrical delivery system



Asset Type	Purpose
Poletop Transformer	➤ Transforms higher voltages from distribution power lines down to a useable voltage that end users can utilize; provided as close to customers' sites as possible to avoid energy losses that are amplified at lower voltages
Power-line conductor	➤ Electrical wires and associated hardware that transmit electrical energy along long distances; consists of one or more conductors (i.e., physical wire) suspended by towers or poles, often in groups of three.

Source: Developed by Provincial Auditor based on research and SaskPower's records.

4.0 FINDINGS AND RECOMMENDATIONS

4.1 Adoption of Asset Management Strategy Underway

In the spring of 2018, SaskPower was in the early stages of adopting a new corporate-wide asset management strategy.¹⁴ Maintenance is one aspect of asset management.

The asset management strategy takes a risk- and evidence-based approach to managing assets through their entire life cycle (from purchase to disposal or decommission). This strategy requires linkage between decisions about asset management to SaskPower's overall strategic direction.

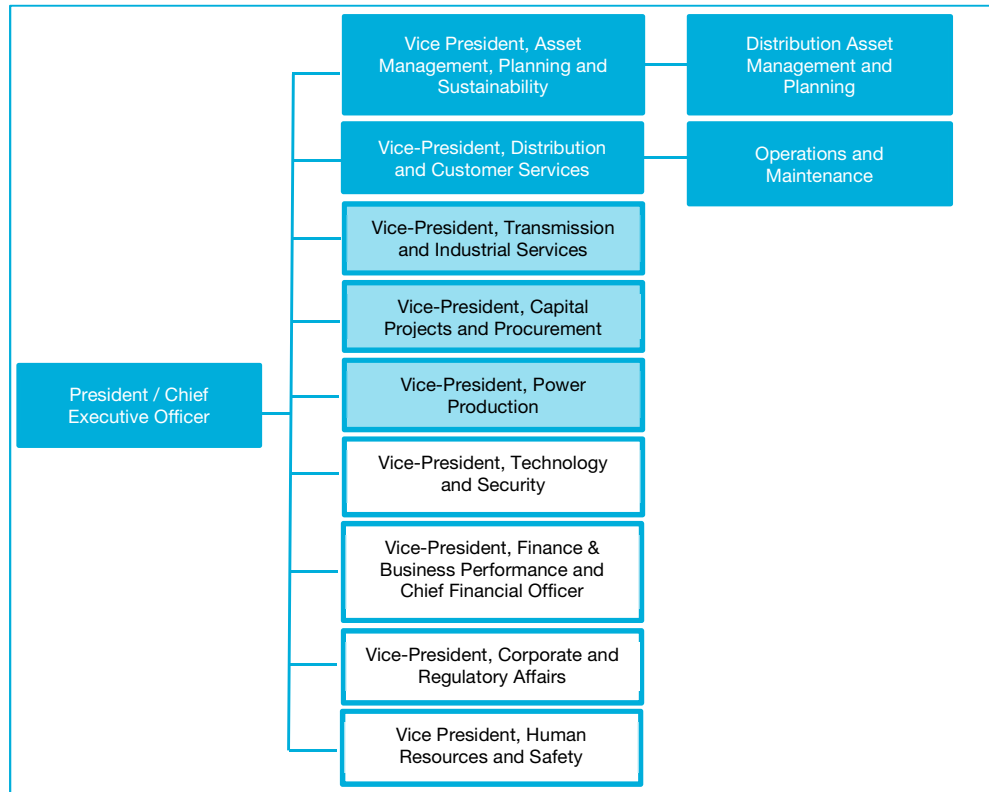
SaskPower's corporate-wide policy, the Power Operations Asset Management Policy, supports its move towards this new asset management strategy. The objectives of the Policy are to:

- Understand the risk profile associated with assets and how this changes over time
- Determine the business consequences of reducing or increasing the capital or maintenance budgets today and in the years ahead
- Justify planned asset expenditures to internal and external stakeholders
- Ensure that employees have the right competencies and capabilities for managing the organization's assets
- Ensure continuous improvement

Implementing the asset management strategy requires a co-ordinated approach and sharing of information between various parts of SaskPower.

As shown in **Figure 5**, most of SaskPower's divisions actively manage different aspects of SaskPower's power infrastructure and related assets. They make decisions about sustaining or maintaining it, and about using it to generate or deliver power. In addition, they provide support to do so (e.g., financial budgeting, costing, and IT systems).

¹⁴ SaskPower, *SaskPower 2017-18 Annual Report*, p. 63.

Figure 5—SaskPower Organization Structure and Responsibilities for Asset Management

Source: SaskPower Records.

Blue shaded cells are actively involved in managing power infrastructure and assets. Darker blue shading indicates units that are directly involved in maintenance of above-ground distribution assets.

SaskPower's Asset Management, Planning and Sustainability Division is leading the adoption of the corporate-wide asset management policy. Its Distribution Asset Management and Planning Group plans for the maintenance of power distribution assets including above-ground distribution assets, which its Operations and Maintenance group carries out.

We found members of its Distribution Asset Management and Planning Group had a clear understanding of their responsibilities about planning for the maintenance of above-ground distribution assets, and the Group's role in contributing towards the implementation of the new Asset Management Policy. For example, as part of implementing the new policy in 2017-18, the Group began creating written asset management plans for significant types of distribution assets (e.g., wood poles, voltage regulators).

In general, the asset management plans or other maintenance planning documents set out the following:

- Importance of the asset type to the power supply system (e.g., integral to the reliability of the distribution of power)
- General risk if SaskPower does not sufficiently maintain the assets (e.g., more or longer outages, reduced customer experience, more employee safety incidents, and higher costs)
- Broad maintenance strategy (preventative maintenance, run-to-failure)¹⁵

¹⁵ Run-to-failure strategy means staff do not actively carry out preventative maintenance, but only replace assets when they fail (no longer work).



- Expected frequency (i.e., timing) of inspections and preventative maintenance (see **Figure 6**)
- Key specific maintenance activities to undertake in conjunction with inspections, and estimated number of labour hours to complete each activity

While the Group had drafted some asset management plans, it had not completed any of them as of April 30, 2018. It expected to complete them by early 2019.

4.2 Formal Risk Assessments Needed to Support Inspection and Preventative Maintenance Strategies

While SaskPower had broad maintenance strategies for each of the above-ground distribution asset types, it had not completed formal (evidence-based) risk assessments to support its decisions to use these strategies and how often.

As shown in **Figure 6**, SaskPower expects to do preventative maintenance for five of the seven types of these assets at the same time as it inspects the condition of the asset.

Figure 6—Above-ground Distribution Assets

Asset description	Number of Assets in Use at February 2018	Estimated Replacement Value (in millions)	Uses a Preventative Maintenance Strategy	Inspection and Preventative Maintenance Cycle	Average Age (years) ^B	Average Life for Accounting Purposes (in years)
Wood Poles	1,121,739	\$ 2,650.0	Yes	10 years ^D	37.5	35
Voltage Regulators	1,217	\$ 32.2	Yes	4 weeks	Unavailable ^E	35
Reclosers	2,572	Unavailable ^C	Yes	Annual	Unavailable ^E	35
Overhead Switches	3,769	\$ 74.0	Yes	5 years	Unavailable ^E	35
Capacitors ^A	1,015	\$ 2.0	Yes	Annual	9.7	35
Poletop Transformers	123,835	\$550.0	No	Not Applicable – run to failure	23.5	35
Power-line conductors (circuit kilometres of power lines and associated hardware)	89,019 km	Unavailable ^C	No	Not Applicable – run to failure	Unavailable ^E	35

Source: Developed by Provincial Auditor Saskatchewan based on information available in SaskPower's asset management records and asset management plans.

^A Capacitors are normally operated in banks of three assets (i.e., a capacitor bank typically has three unique assets).

^B Information in SaskPower records. SaskPower is aware its records do not always include the age of individual assets, so the average age may not accurately represent the fleet.

^C This information was not available at October 1, 2018, as SaskPower had not completed an asset management plan for these assets (this information is typically maintained within the asset management plans).

^D SaskPower's initial strategy was to complete the maintenance over a 10-year cycle. SaskPower extended the current inspection cycle from 10 to 11 years due to budget constraints.

^E This information was not available at October 1, 2018, as SaskPower did not have complete data.

We found these broad maintenance strategies (e.g., preventative maintenance, run-to-failure) are generally consistent with industry practice. Industry practice can vary based on assessments of risk (i.e., comparing the cost of inspections and preventative maintenance to the benefits). In addition to deciding whether to complete preventative maintenance, industry practice supports differing preventative maintenance intervals if the cost of maintaining individual assets exceeds the benefits (e.g., safety, less frequent or shorter outages).

We found SaskPower informally assessed risks that support its strategies not to actively maintain power line conductors (due to Saskatchewan's low corrosive environment) and pole-top transformers (as replacement is cheaper than preventative maintenance). SaskPower did not use formal risk assessments to validate its broad maintenance strategies for the other assets. Rather it based its decisions on expertise and experience of management.

We found SaskPower had determined a preventative maintenance interval for wood poles of 11 years—an interval supported by industry practice.¹⁶ Industry practice supports a 5 to 12 year preventative maintenance interval for wood poles.

SaskPower outsourced the inspection and maintenance of its wood poles. Its two-year maintenance contract with a service provider was robust. It clearly set out the inspection cycle and timing of maintenance for wood poles.

For the other asset types with planned preventative maintenance, industry practice sometimes provided ranges for routine inspection intervals, but it generally indicated that preventative-maintenance cycles should be based on asset activities and issues (i.e., evidence-based risk assessments). For example, industry practice suggests inspection of voltage regulators could be from every month to every five years, while for reclosers inspection frequency could be based on operation counts or oil sample trends. SaskPower's strategy required voltage regulators be inspected every four weeks and reclosers annually.

As noted in **Section 4.6**, SaskPower inspected above-ground distribution assets less often than it planned.

We found that SaskPower had not completed formal risk assessments to determine whether the expected frequency of its inspection cycle for each type of asset was cost-effective (whether it was inspecting too often or not enough) other than the following. SaskPower adjusted its planned inspections to inspect assets at higher risk of polychlorinated biphenyl, or PCB, contamination (e.g., capacitor banks in 2016-17, pole-top transformers) to meet environmental regulatory requirements.

Risk assessments include identifying risks associated with decisions, determining the likelihood and impact of those risks on an organization's business, and using strategies to mitigate those risks.

Without formal risk assessments to support the frequency of inspections and preventative maintenance, SaskPower is at greater risk of not doing the right maintenance at the right time to limit the risk of asset failure or safety issues, or not using its resources effectively.

¹⁶ While SaskPower's initial strategy was to complete the maintenance over a 10-year cycle, SaskPower extended the current inspection cycle from 10 to 11 years due to budget constraints.



1. **We recommend that Saskatchewan Power Corporation formally assess the risks associated with its inspection and preventative maintenance strategies for above-ground assets used to distribute electricity.**

Preventative Maintenance Activities in Accordance with Best Practice

We found SaskPower used industry best practice guidance and manufacturer recommendations to outline the preventative maintenance activities it expected its staff to complete during inspections. For example, it expected staff to apply chemical treatment to prevent further decay of wood poles and to replace recloser batteries.

Consistent with industry best practice, SaskPower expected staff to vary maintenance activities depending on factors such as the assessed condition of the asset, expected timing of asset replacement, and cost of maintenance. SaskPower expects staff to use their knowledge and experience to decide what specific maintenance to undertake at the time of the inspection, and what maintenance or repairs to defer to a later date.

4.3 Desired Acceptable Asset Condition Not Yet Determined for All Above-Ground Distribution Assets

SaskPower had not determined the condition at which it expected to keep most of its above-ground distribution assets, to guide the nature and extent of maintenance activities to undertake. This is commonly referred to as a health index or condition rating.

SaskPower had a clear condition rating for wood poles. The condition rating considered factors such as the estimated remaining pole strength, the condition of pole top and cross arms, the age of the pole, the pole treatment type, and the overall pole condition. SaskPower used the condition rating to assess the condition, required maintenance, and prioritization of maintenance for wood poles.

The wood-pole condition rating used a rating system of very good, good, fair, poor, and very poor to define if maintenance should continue. For example, a wood pole in good condition requires normal maintenance, whereas, a pole in fair condition may require increased monitoring and possible remedial work, or replacement.

Although SaskPower determined expected service life for its other above-ground distribution assets, it had not documented what it considers an acceptable condition rating. As noted previously, SaskPower expected staff to vary maintenance activities depending on factors such as the assessed condition of the asset. About 429 full-time positions located throughout Saskatchewan were responsible for inspecting and maintaining these assets. Not having guidance increases the risk of staff making inconsistent decisions about unplanned maintenance identified during similar situations.

Management advised us that it plans to develop condition-rating systems for the other assets in conjunction with its implementation of the asset management policy.

For assets it plans to maintain, not determining desired acceptable condition for each type of above-ground distribution asset increases the risk that SaskPower will not focus its

maintenance resources on assets with the highest risk of significant failure or posing safety risks. In addition, not having a desired acceptable asset condition makes monitoring the effectiveness of maintenance strategies more challenging.

2. We recommend, for above-ground assets used to distribute electricity that Saskatchewan Power Corporation plans to maintain, it determine the condition to which it expects to maintain each type of those assets.

4.4 Complete and Consistent Information Needed to Develop Risk-informed Maintenance Plans

SaskPower did not have complete and consistent key data about all of its above-ground distribution assets to support the development of risk-informed maintenance plans.

Other than wood poles, it did not have complete and consistent data about its assets (e.g., number, age, name of manufacturer, model number), their condition, and completed maintenance activities (e.g., repair history, date of last inspection, results of inspections). In addition, it did not always keep up-to-date information about some of its above-ground distribution assets. It also did not have a ready way to do broader analysis of asset information across its various IT systems to support maintenance planning.

Inconsistent Asset Information Across IT Systems

Above-ground distribution assets (other than wood poles) were not consistently tracked among SaskPower's different IT systems that it used to manage those assets.

SaskPower used a number of different IT systems to track its distribution assets and related key information. These IT systems can track the same asset in more than one system, with each system tracking different types of information about that asset. For example, for an individual asset:

- Asset system (Electric Office) tracks the nameplate (e.g., manufacturer, model number, serial number, certifications, voltage, frequency), spatial and network data, and certain operational settings (e.g., tap position on a regulator controller matches the tap position on the voltage regulator).¹⁷ It used this system as the main information source for all of its assets in use as it contains the detailed information on each asset.
- Work order system (module within SAP) tracks nameplate and financial information.¹⁸ SaskPower used this system to issue work orders for inspections and preventative maintenance automatically for individual voltage regulators and reclosers and manually for groups of its other assets. It also used it to manually order repairs for problems identified during inspections. The work order system also tracks spare equipment and parts.

¹⁷ Tap position is used to indicate the current position of the motor-drive unit or tap changer in any location (usually in the control room). Adapted from www.reinhausen.com/desktopdefault.aspx/tabid-1922/2772_read-7849/ (27 September 2018).

¹⁸ SAP stands for Systems, Applications and Products in data processing. It is a multi-functional system that SaskPower utilizes for its business.



- Inspection system (FSII) tracks the detailed inspection and preventative maintenance records for assets. SaskPower used this system to record the detailed results of inspections and preventative maintenance, including the condition of the inspected assets.

SaskPower uses information in its IT systems to determine when to inspect certain asset types (i.e., voltage regulators and reclosers), track maintenance completed, and track power outages caused by failure of assets.

To support issuing work orders automatically, SaskPower expected the individual voltage regulators and reclosers included in its work order system and in its asset system to match. It uses work orders to direct maintenance staff when to inspect these assets, and when to complete corrective maintenance. As shown in **Figure 7**, in February 2018, the number of voltage regulators in its work order system was 30% more than in its asset system; similarly, the number of reclosers in its work orders system was 57% more than in its asset system.

Figure 7 – Difference in Number of Regulators and Reclosers in IT Systems at February 2018

# of assets	Voltage Regulators	Reclosers
Asset system (Electric Office)	1,217	2,572
Work order system (SAP)	1,580	4,035
% difference	30%	57%

Source: Provincial Auditor Saskatchewan based on information available in SaskPower's IT systems.

We found that SaskPower was aware that information in these key IT systems did not agree.¹⁹ It did not have an efficient way to reconcile information between these systems, or compare information on the same asset(s) from them because these systems did not have a common identifier.

A common identifier enables linking or matching of key information between the systems. For example, a common identifier could be a unique identification number for each asset. Without a common identifier, management needs to use manual processes to analyze data across IT systems to make asset planning decisions, which is labour intensive (i.e., slower, costs more). For example, asset condition from the inspection system and time of last inspection from the work order system can help SaskPower decide when to next inspect an asset. A common identifier would allow the IT systems to share this type of information so that SaskPower could issue work orders automatically for more assets and efficiently analyze data to support evidence-based asset planning.

SaskPower adjusted its corrective maintenance order form to collect identifiers (e.g., circuit number of asset, asset identifier like equipment code) to allow tracking of maintenance completed and the related cost in its systems. Since 2012, it has requested staff completing maintenance to provide this when completing the work orders. However, we found staff completing the maintenance often omitted completing these parts of the form.

¹⁹ Management advised us that the differences between the number of assets between the systems may be partly due to the following. The work order system tracks spare equipment and parts not in use along with assets in use; whereas, the asset system only tracks assets in use.

Our analysis of corrective maintenance orders issued for the month of February 2018 found 95% of them did not record a circuit number, and 99% of them did not record an asset identifier.

Without consistently maintaining key information about above-ground distribution assets within its IT systems, and the ability to link data across these systems, SaskPower will not have sufficient information to support evidence-based maintenance planning for these assets. This includes formally assessing risks associated with its inspection and preventative maintenance strategies. Evidence-based planning helps determine the optimal type and timing of maintenance.

3. We recommend that Saskatchewan Power Corporation consistently maintain in its IT systems key information about its above-ground assets used to distribute electricity to support evidence-based decision-making.

Information on Asset Location, Circuit, Voltage Rating Generally Complete and Accurate

SaskPower collected and maintained generally complete and accurate information in its IT systems about individual above-ground distribution asset's location, circuit, and voltage rating. It collected and then tracked this information when it either installed the asset, or inspected an existing asset where it had previously missed collecting this information.

Information on Condition of Above-Ground Distribution Assets Not Always Kept Up-to-date

Because SaskPower did not inspect above-ground distribution assets (other than wood poles) as frequently as it expected, it did not always have up-to-date information about their condition.

SaskPower used inspections of individual assets to verify the accuracy and completeness of information in its IT systems, and to determine the current condition of each asset. As shown in **Figure 6**, SaskPower expected to inspect most of its above-ground distribution assets at routine intervals (e.g., every four weeks, annually).

SaskPower used work orders and inspection or collection forms to guide staff as to what information to collect and how often. We found these orders and forms supported collection of information as required by the maintenance plans.

SaskPower completed inspections of its wood poles as planned. It had reasonably up-to-date information about their condition. We noted that SaskPower outsourced their inspection and maintenance. Its two-year maintenance contract with a service provider was robust. The contract clearly set out the inspection cycle for wood poles, processes to assess the condition of poles (condition rating), acceptable condition, expected maintenance activities based on assessed condition, and timing of maintenance to complete.

SaskPower did not always inspect other types of above-ground distribution assets as often as expected for the last few years. For example, from our analysis of information in



its IT systems, we determined SaskPower had never inspected 71% of its switches (it expects to inspect them every five years). We also found that, during 2017-18, it completed less than two-thirds of planned inspections (see **Recommendation 6**).

Management is considering the use of remote monitoring to efficiently collect data about the condition of certain assets (e.g., number of times a switch is operated, overload events).

Without asset condition information about above-ground distribution assets, SaskPower cannot analyze if it is completing the right maintenance at the right time to achieve desired asset condition levels. SaskPower needs this analysis to inform its risk assessments for planning maintenance of assets throughout their lives.

- 4. We recommend that Saskatchewan Power Corporation maintain up-to-date information about the condition of its above-ground assets used to distribute electricity to support risk-informed asset planning.**

4.5 Formal Processes to Prioritize Maintenance Needed

SaskPower did not document its basis for prioritizing maintenance of above-ground distribution assets, including allocation of its maintenance budget.

We found that SaskPower's contract with its service provider sets out the budget and maintenance work for wood poles for the upcoming two years.

For other above-ground distribution assets, the Distribution Asset Management Planning Group used an informal process to prioritize specific maintenance activities (e.g., voltage regulator inspections and ground grid tests) for the upcoming year. It used its knowledge and experience to decide which specific maintenance activities to do first by ranking them from low to very high priority. It did not document the basis of its prioritization decisions.

To estimate the cost of specific maintenance activities for other above-ground distribution assets, the Group used budgeted labour hours for power line technicians, and estimated labour hours required for that maintenance activity.²⁰ Using these estimated costs, the Group allocated the maintenance budget for the upcoming year to the highest priority maintenance activities.

We found that in 2017-18, SaskPower identified that it did not have enough resources to complete all maintenance tasks assessed as very high or high priority.

We also found that SaskPower did not formally assess the implications of its maintenance prioritization decisions, including if it would have sufficient resources to complete maintenance deferred to the next year. Also, it did not determine if deferring maintenance activities would:

- Affect the nature and timing of future maintenance activities
- Pose increased safety risks

²⁰ Asset maintenance plans for most assets set out estimated labour hours for each maintenance activity.

- Contribute to a higher number of unplanned power outages
- Result in higher future maintenance costs

In addition, we found SaskPower did not have mid- to longer-term maintenance forecasts linked to its maintenance and capital plans. It did not estimate resources necessary to complete key maintenance tasks beyond the upcoming year, or the consequences where desired resources exceeded resources available (see **Recommendation 6**). As a result, it did not have this information to inform its maintenance prioritization decisions.

Not documenting the basis of prioritization, including allocation decisions, makes it difficult to assess if judgments made and assumptions used when making those decisions are reasonable and sufficiently based on evidence (e.g., current condition of assets, assets posing highest safety or disruption of power risks).

5. **We recommend that Saskatchewan Power Corporation formally prioritize its maintenance of above-ground assets used to distribute electricity to support risk-informed allocation of resources over the longer term.**

4.6 Maintenance of Most Above-Ground Distribution Assets Not Completed As Planned

SaskPower did not complete preventative maintenance of most of its above-ground distribution assets as it had planned. Also, it did not actively monitor the completion of corrective maintenance identified as needed during inspections.

Wood Pole Maintenance Completed as Planned

SaskPower completed maintenance of its wood poles as planned. At April 2018, SaskPower was in year 7 of 11 of its wood pole maintenance cycle. It actively monitored maintenance work completed by its contractor. It reviewed weekly activity reports to monitor progress. It hired an independent third party to check the quality of the maintenance performed.

In 2017-18, SaskPower completed planned maintenance for 94% of wood poles. We found the reason for not completing the remaining inspections reasonable (e.g., new pole; restricted access to the pole due to private property, safety concerns, or environmental restrictions; plan existed for replacing the pole).

Related Facts

Wood pole maintenance costs approximately \$50 per pole on average, while replacement costs are about \$2,500 per pole. Without maintenance, the life expectancy of a wood power pole may be as short as 25 to 30 years. Through SaskPower's maintenance program, that life expectancy can extend to more than 65 years.

Source: www.saskpower.com/our-power.../distribution-wood-pole-replacement-program/ (October 2018).

Maintenance Not Completed as Planned for Other Assets

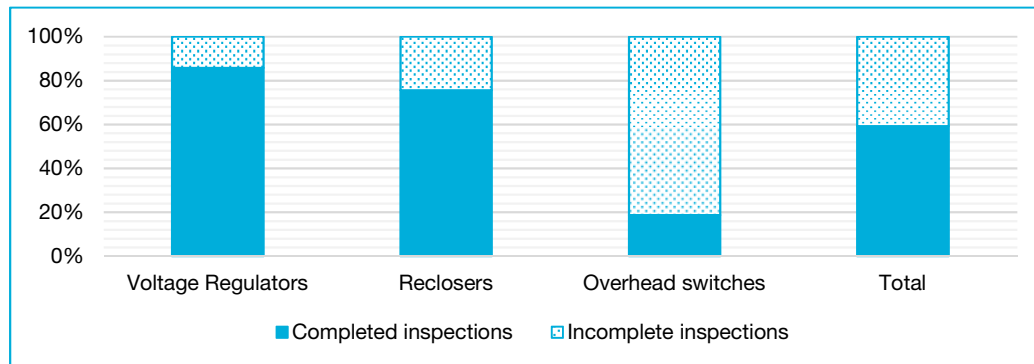
SaskPower had not determined the consequences of not completing inspections and related preventative maintenance as often as it expected, or the impact of not scheduling corrective maintenance within the near term.



For its other above-ground distribution assets, our analysis of 2017-18 data found SaskPower did not complete almost one-half of its preventative maintenance.²¹

As shown in **Figure 8**, SaskPower’s work order system indicated that it completed 86% of voltage regulators, 76% of reclosers, and 19% of overhead switch inspections as planned.²² However, the information in these systems about completion of inspections and preventative maintenance was not always accurate.

Figure 8—2017-18 Inspection/Preventative Maintenance Completion Rates of Above-Ground Distribution Assets



Source: Developed by Provincial Auditor Saskatchewan based on information available in SaskPower’s asset management records.

We found work orders were incorrectly recorded as completed in the work order IT system, and maintenance records were not updated as expected in its inspection system (i.e., the IT system that tracks details of inspections and maintenance completed). We found:

- Of the preventative maintenance recorded as completed in its work order system, only 35% of voltage regulators and 89% of reclosers had an electronic record detailing maintenance done. As a result, for those assets, SaskPower did not have record of what specific preventative maintenance staff did, if any.
- Management advised us that SaskPower sometimes recorded maintenance as completed in its work order IT system even though it did not have record of maintenance done. They also indicated that, in these cases, SaskPower informally decided to defer the maintenance to the next cycle, as they felt SaskPower did not have sufficient resources available to complete that maintenance activity.

Not correctly documenting completion of preventative maintenance results in SaskPower using inaccurate information about its assets (e.g., condition data, historical maintenance completed) to assess risks and make decisions about its assets.

We also found SaskPower often did not issue work orders to schedule corrective maintenance or know the impact of not doing corrective maintenance in the near term (e.g., within the next six months). SaskPower expects its Distribution Asset Management and Planning Group staff to issue work orders to schedule corrective maintenance identified during inspections. We found:

²¹ We determined that based on information in its IT systems, it did not complete 41% of its preventative maintenance.

²² SaskPower did not plan to do inspections/preventative maintenance on capacitor banks in 2017-18. This decision was based on all capacitor banks being recently inspected and/or replaced in 2016-17 or 2017-18 as a result of work to ensure compliance with federal environmental standards for PCB.

- For four of nineteen inspections that we tested, staff identified, during the inspection, items that require corrective maintenance (e.g., repairs), and, as expected, recorded this information in SaskPower's inspection system.²³ However, only one of four inspections that identified a need for repairs resulted in a work order to complete the repairs.
- Our analysis of SaskPower's inspection IT system found SaskPower, as of February 2018, did not issue work orders for about 96% of corrective maintenance identified through inspections.²⁴ For example, SaskPower did not issue work orders for some overhead switches that were inoperable, and some reclosers that had missing or broken counters, which could lead to equipment failures that result in an unexpected power outage.

While management advised us that it looks at these corrective maintenance items on an ad hoc basis, we did not find evidence of it doing so. Also, we did not find evidence where it formally assessed the risk or documented its rationale for not completing the corrective maintenance.

Not formally and routinely determining the consequences of not completing planned maintenance, including identified corrective maintenance, increases the risk of failure of distribution assets. Failure of these assets in turn can contribute to more and/or longer unplanned power outages, and higher costs for repairing or replacing assets.

6. We recommend that where Saskatchewan Power Corporation does not follow its plan for maintaining above-ground assets used to distribute electricity, it formally assess the consequences of not completing such maintenance.

4.7 Qualified Employees Completed Maintenance

SaskPower hired and contracted qualified staff to maintain above-ground assets used to distribute electricity.

SaskPower used a combination of staff and external contractors to maintain distribution assets. Its maintenance staff are journeyman or apprentice power-line technicians. SaskPower provided staff with training to help them maintain their expertise. In its contract for wood-pole maintenance, it set education and experience requirements of the contractors, and required they attend start-up training and pass a written exam prior to working for SaskPower.

The 11 staff responsible for maintaining assets that we tested had the required education and experience and attended expected training. We also found that all 42 staff of the contractor successfully passed the competency exam in 2017-18.

4.8 Reporting of Maintenance Results Needed

While SaskPower periodically reports some information about the completion of maintenance for its above-ground assets used to distribute electricity, the reports did not

²³ As noted in **Section 4.2**, SaskPower expects to do preventative maintenance for five of the seven types of these assets at the same time as it inspects the condition of the asset.

²⁴ Corrective maintenance is also identified in other ways, such as customers calling to report malfunctioning or damaged equipment.



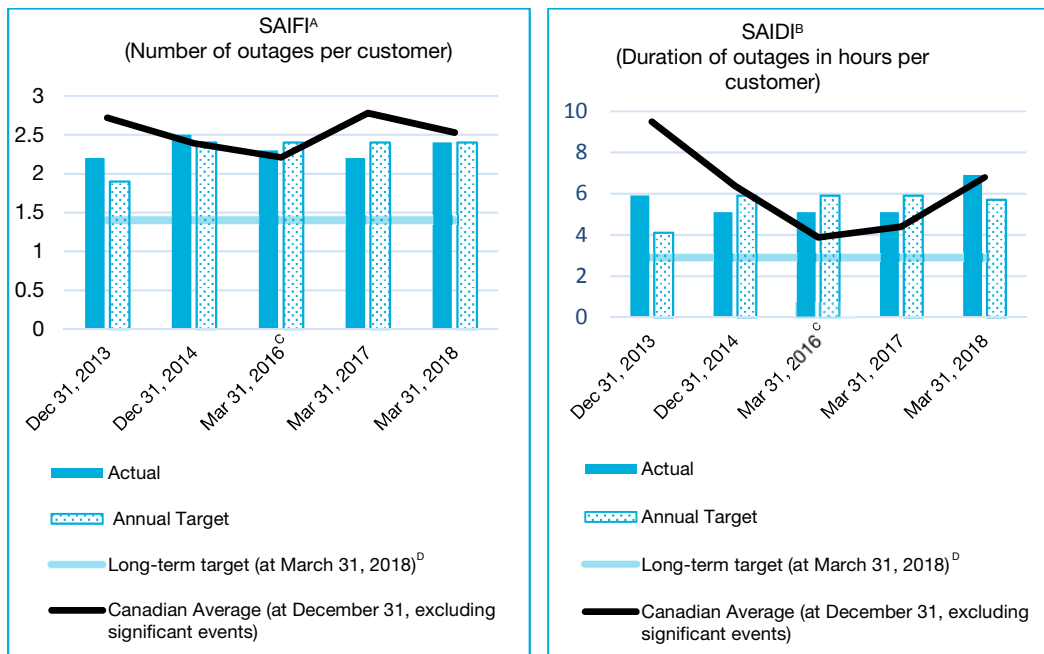
include a robust analysis of its progress in carrying out the maintenance plan to allow risk-informed decision-making.

On a corporate-wide basis, SaskPower monitors for how often and how long power outages occur in its transmission and distribution systems. Management responsible for distribution asset maintenance, senior management, and the Board each receive monthly reports with the following information. Monthly reports compare actual rates to short- (annual), medium-, and long-term targets, as well as the Canadian annual averages. SaskPower provides this information to the public in SaskPower’s annual report.

In addition, SaskPower tracks factors that contribute to power outages (e.g., scheduled/planned outages, weather, and equipment faults). It uses this information to help understand general trends in outages.

For distribution, as shown in **Figure 9**, between 2013 to 2018, SaskPower’s results remained well below its related long-term targets. In general, SaskPower had fewer outages in its distribution system than the Canadian average, but the outages lasted longer. In 2017-18, SaskPower noted significant improvements in service levels depend upon making long-term increases in capital investment and enhancing maintenance activities.²⁵

Figure 9—Distribution Outage Frequency (SAIFI) and Duration (SAIDI) Results Compared to Targets and Canadian Average from 2013 to 2018



Source: SaskPower Annual Reports; Canadian Electrical Association, CEA Outage Stats – SAIDI and SAIFI for Canadian Utilities.

^A SAIFI - System Average Interruption Frequency Index represents the number of outages that an average customer experiences in one year (i.e., lower is better).

^B SAIDI - System Average Interruption Duration Index measures the service interruption length in hours that an average customer experiences in one year (i.e., lower is better).

^C The annual target for 2015-16 is the 2015 calendar year target. The actuals at March 31, 2016, were restated to match SaskPower’s fiscal year.

^D The long-term target for each measure has changed slightly over time; SaskPower has not met its long-term target in any year.

²⁵ SaskPower, *SaskPower 2017-18 Annual Report*, p. 33.

Management advised us that it does not have sufficient information to link changes in the System Average Interruption Frequency Index and System Average Interruption Duration Index directly to its maintenance activities to help determine if it is doing the right amount of maintenance in the right areas. SaskPower noted that it is improving its outage management IT system to better collect the reasons for unplanned outages to support decision-making.

In addition to monitoring frequency and duration of power outages, SaskPower monitored on a corporate-wide basis the percentage of planned maintenance completed (Planned Maintenance %), and, up to 2017-18, publicly reported on this measure in its annual report.²⁶ SaskPower met its target for 59% of its maintenance being planned/corrective as opposed to an emergency response for the period ending December 31, 2017.²⁷

SaskPower also provided information about maintaining its distribution assets to management responsible for distribution asset maintenance through several ways:

- Receiving weekly reports on the status of maintenance and inspection of wood poles, to monitor its contractor, and determine whether inspection and maintenance activities were on schedule. SaskPower pays its contractor based on extent of work completed as determined by these reports.
- Receiving bi-weekly and monthly reports showing outstanding work orders and actual maintenance hours and labour costs by location and type of maintenance (e.g., planned, corrective, emergency).
- Holding bi-weekly leadership team meetings and quarterly meetings with district staff to discuss maintenance progress and operational issues
- Receiving monthly reports comparing actual to budgeted labour costs (monthly; year to date by location, crew, region, and overall) to monitor spending on maintenance activities.

We found these reports did not take into account the consequences of not having accurate information about its maintenance in its systems (e.g., missing inspection records to support that staff completed inspections).

We found, for above-ground distribution assets (other than wood poles), none of these reports clearly identified whether maintenance was behind or ahead of schedule. In addition, reports did not compare planned versus actual costs of key maintenance activities or set out the consequences of not completing preventative or identified corrective maintenance for those assets. See **Recommendations 3 and 4** about SaskPower needing consistent and up-to-date information about its above-ground distribution assets.

In April 2018, SaskPower gave its senior management a report that included information about completion of preventative maintenance, including preventative maintenance with no detailed record of maintenance done. While this report clearly showed that SaskPower completed preventative maintenance of its distribution assets less often than it expected, the report did not set out the consequences of not doing so.

²⁶ SaskPower decided to discontinue using Planned Maintenance % as a publicly reported measure starting in 2018-19.

²⁷ SaskPower, *SaskPower 2017-18 Annual Report*, p. 34.



Not reporting regularly to senior management if expected maintenance was completed for above-ground distribution assets increases the risk that senior management will not be able to correctly assess if the right maintenance is being done at the right time to prevent power outages and safety issues and manage costs. This analysis would also help SaskPower to decide when to replace assets.

- 7. We recommend that Saskatchewan Power Corporation regularly report to its senior management on the status of its maintenance activities and, if applicable, the consequences of not completing planned maintenance for above-ground assets used to distribute electricity.**

5.0 GLOSSARY

Asset Management — a formal, methodical, and holistic risk management business model that will convert corporate strategic priorities into business plans and actions that optimize the competing priorities of cost and performance at an acceptable level of risk in a sustained manner.²⁸

Deferred Maintenance — maintenance work that has been postponed or phased for future action.

Distribution — from a sub-station, voltage is lowered through a series of smaller substations and transformers to reach customers in a safe low-voltage form along distribution lines.²⁹

Maintenance — the processes of keeping existing assets in good condition to meet long-term performance requirements.

Preventative Maintenance — repairs and inspections intended to assist in systematic correction of emerging failures before they occur or before they develop into major defects.

Reactionary Maintenance — repairs that are in response to service requests and are completed as issues arise. This includes corrective and emergency maintenance.

Transmission — electricity leaves a generating plant and is raised to a high voltage to travel efficiently over long-distance transmission lines to a sub-station.

System Average Interruption Duration Index (SAIDI) Distribution — a measure of the service interruption length in hours that an average customer experiences in one year. SAIDI is influenced by a number of factors, including adverse weather, equipment condition, line contacts, extent of outage, travel time to the trouble point, as well as line staff availability, familiarity with facilities and level of experience.

System Average Interruption Frequency Index (SAIFI) Distribution — represents the number of outages that an average customer experiences in one year. Both controllable and uncontrollable interruptions are taken into account. Outages with controllable elements include infrastructure failures, tree contacts, scheduled outages, or loss of supply. Uncontrollable factors include lightning and other adverse weather conditions.

²⁸ SaskPower, *Power Operations Asset Management Policy*, p. 1.

²⁹ Adapted from SaskPower's *2017-18 Annual Report*, p. 127.

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Chapter 26

Social Services—Investigating Allegations of Child Abuse and Neglect

1.0 MAIN POINTS

This chapter sets out the results of our audit of whether the Ministry of Social Services had effective processes to investigate, within a reasonable timeframe, allegations of child abuse and neglect.

Child abuse and neglect refers to circumstances that may be harmful to a child's physical, emotional, or psychological health (e.g., physical abuse, sexual abuse). Neglect is also failing to provide a child with enough food, proper clothing, shelter, health care, or supervision.¹ In 2017-18, the Ministry received about 15,300 reports of alleged child abuse and neglect. Over 6,000 of these reports resulted in investigations. Timely investigation of allegations of child abuse and neglect is critical to protect the safety of children.

For the 12-month period ended June 30, 2018, the Ministry had, other than the following, effective processes to investigate, within a reasonable timeframe, allegations of child abuse and neglect. The Ministry needs to:

- Undertake timely independent reviews of screening decisions when it decides not to investigate a reported child abuse and neglect allegation. This would help the Ministry confirm that appropriate and objective decisions were made and it takes timely action.
- Complete safety and family risk assessments within required timeframes. Timely safety assessments reduce the risk of a child remaining in an unsafe environment. Timely family risk assessments reduce the risk of the family not receiving ongoing child protection services when there is a high likelihood that the family will maltreat their child in the future.
- Finalize investigation decisions within required timeframes (45 days) to allow for timely supervisor review. Timely supervisor review results in timely ongoing child protection services to children and their families, when needed.

2.0 INTRODUCTION

Under *The Child and Family Services Act*, the Minister of Social Services is responsible for providing child protection services. The Act provides the mandate for the Ministry to investigate suspected (i.e., alleged) abuse and neglect of children by their parents, guardians, or other adults in the household who provide day-to-day care and supervision of the child. It must determine whether a child is in need of protection, and provide such services where the results of an investigation determines a child needs protection.

The primary responsibility for ensuring the safety and well-being of children lies with each child's parents/guardians. The Ministry only becomes involved when parents/guardians are unable or unwilling to fulfill their parental responsibilities.

¹ www.saskatchewan.ca/residents/justice-crime-and-the-law/child-protection/child-abuse-and-neglect (25 April 2018).



In Saskatchewan, as in any Canadian jurisdiction, all people have a legal duty to report suspected abuse and neglect of a child. Children depend on others for their safety and well-being. They have a right to be protected from abuse and neglect.

2.1 High Rates of Reported Suspected Child Abuse and Neglect in Saskatchewan

Saskatchewan has high rates of police-reported child and youth sexual abuse—the second highest among Canadian provinces—and most offences involve an accused family member and occur in a private residence.² Also, according to a 2016 Statistics Canada report, among the provinces, Saskatchewan has the highest rate of police-reported family violence against children and youth (466 per 100,000 followed by Manitoba at 373 and Quebec at 318).³

In 2017-18, the Child and Family Services Division of the Ministry received about 15,300 reports of suspected abuse and neglect of a child (2016-17: 15,250 reports).⁴ Individuals report suspected child abuse and neglect through phone calls, emails, or letters mailed to the Ministry. The majority of reports come in through phone calls.

2.2 Impact of Child Abuse and Neglect Significant

Child abuse and neglect has lasting impacts throughout a child's lifetime. These effects include mental health impacts, post-traumatic stress disorder, severe depression, anxiety, panic attacks, and low self-esteem. It also impacts school attendance and achievement and decreases productivity throughout the child's lifespan.⁵

Abuse can occur within family settings. Family violence has significant health, social, and economic costs. According to the Public Health Agency of Canada, family violence can have a range of short- or long-term physical, mental, cognitive, behavioural, social, and economic impacts. For example, it can contribute to depression and anxiety, leaving school, living in poverty, and having limited options for safe and affordable housing. These consequences in turn can contribute to people being more vulnerable to further violence.⁶

The Public Health Agency of Canada also cites research that shows:

- The longer and more severe the abuse, the worse the impacts and the longer the recovery period. For example, if a child lives with abuse or violence in the home, the effects on health can last a lifetime.⁷
- The economic costs of family violence in 2012 totalled \$7.4 billion/year.⁸

Timely investigation of allegations of child abuse and neglect, and timely initiation of action is critical to protect the safety and well-being of Saskatchewan children.

² www150.statcan.gc.ca/n1/pub/85-002-x/2014001/article/14008-eng.pdf (20 April 2018).

³ www150.statcan.gc.ca/n1/pub/85-002-x/2018001/article/54893-eng.pdf (20 April 2018).

⁴ Number obtained from Ministry's IT case management system (Linkin).

⁵ www.canada.ca/en/public-health/services/health-promotion/stop-family-violence/health-social-impacts-family-violence.html (20 April 2018).

⁶ Ibid.

⁷ Ibid.

⁸ www.canada.ca/en/public-health/services/health-promotion/stop-family-violence/economic-burden-family-violence.html (20 April 2018).

3.0 AUDIT CONCLUSION

We concluded that for the 12-month period ended June 30, 2018, the Ministry of Social Services had, except for the following areas, effective processes to investigate, within a reasonable timeframe, allegations of child abuse and neglect. The Ministry needs to:

- Undertake timely independent reviews of decisions when it decides not to investigate a reported child abuse and neglect allegation
- Complete assessments (i.e., safety and family risk) within required timeframes
- Finalize investigation decisions within required timeframes (45 days) to allow timely supervisor review

Figure 1—Audit Objective, Criteria, and Approach

<p>Audit Objective: Assess whether the Ministry of Social Services had effective processes, for the 12-month period ending June 30, 2018, to investigate, within a reasonable timeframe, allegations of child abuse and neglect.</p> <p>Audit Criteria:</p> <ol style="list-style-type: none"> 1. Determine which allegations of abuse/neglect to investigate <ol style="list-style-type: none"> 1.1 Track key information about allegations 1.2 Provide staff with clear guidance on handling reported allegations (e.g., manuals, policies and procedures) 1.3 Screen allegations in a timely and appropriate manner (e.g., immediately) 1.4 Allocate appropriate resources (e.g., qualified staff, call reporting lines, after-hour coverage) 2. Investigate reported allegations <ol style="list-style-type: none"> 2.1 Provide staff with clear guidance on conducting investigations 2.2 Conduct and document the investigation in a timely and appropriate manner (e.g., conduct home visits, complete risk and safety plans) 2.3 Approve investigation conclusion 2.4 Promptly initiate action based on results of investigation 3. Monitor overall results <ol style="list-style-type: none"> 3.1 Analyze key performance information (e.g., timeliness of screening, conducting investigations, and initiating actions) 3.2 Take action on results (e.g., adjust policies and procedures, retrain staff) <p>Audit Approach:</p> <p>To conduct this audit, we followed the standards for assurance engagements published in the <i>CPA Canada Handbook – Assurance (CSAE 3001)</i>. To evaluate the Ministry’s processes, we used the above criteria based on our related work, reviewed literature including reports of other auditors, and consulted with management. The Ministry’s management agreed with the above criteria.</p> <p>We examined the Ministry’s risk assessment processes, IT system, policies, and procedures that relate to screening and investigating allegations of child abuse and neglect. We tested a sample of 63 intake reports (including those initiated by after-hours service providers) and 30 investigations to determine whether the Ministry investigated and responded timely to reported child abuse and neglect.</p> <p>The audit did not extend to the First Nations Child and Family Services agencies’ child abuse and neglect investigation procedures. The Ministry has contracted 17 First Nations Child and Family Services agencies to provide child protection services for children and families living on reserve. It monitors the delivery of these services. See our Protection of Children Follow-up in Chapter 46 for the results of our audit work on the Ministry’s related monitoring processes.</p>
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4.0 KEY FINDINGS AND RECOMMENDATIONS

4.1 Up-to-date Child Protection Services Manual and Decision-Making Support Maintained

The Ministry uses a Child Protection Services Manual and Structured Decision Making tools to guide how staff screen (i.e., decide which reported allegations to investigate), and investigate allegations of reported child abuse and neglect. An investigation determines whether a child is in need of protection.

The Ministry maintains an up-to-date Child Protection Services Manual. The Ministry last updated the Manual in February 2018. It makes the Manual accessible to Ministry staff, its partners (e.g., police, First Nation Child and Family Services Agencies, after-hours service providers), and the public. The Ministry communicates Manual updates to its staff and partners via email.

The standards and procedures described in the Manual establish a clear framework and minimum service levels for Ministry staff involved in the delivery of child protection services. For example, the Manual's section on intakes (i.e., screening of reported allegations) and investigations describe standards and procedures for receiving, screening, and investigating allegations of child abuse and neglect within certain timeframes.⁹

The Ministry also uses a Structured Decision Making model as its risk assessment model for its child protection services.¹⁰ This model is a case management model widely used in the United States and Canada. It incorporates a set of evidence-based assessment tools and decision guidelines designed to provide consistency and legitimacy in assessment and decision-making processes (e.g., whether to remove a child from their current household environment). **Figure 2** sets out the purposes of this model.

Figure 2—Purposes of the Structured Decision Making Model

- To help caseworkers assess whether and to what extent any children are in immediate danger of serious physical harm
- To determine what interventions should be initiated to provide appropriate protection
- To establish criteria for emergency removal if sufficient protection cannot be provided

Source: The Structured Decision Making System for Child Protective Services, *Policy and Procedures Manual*. <http://publications.gov.sk.ca/documents/17/72929-The-Structured-Decision-Making-System-for-Child-Protective-Services.pdf> (4 October 2018).

The Ministry has adopted customized assessment tools (e.g., intake assessment, response priority assessment, safety assessment, family risk assessment) related to the Structured Decision Making model based on extensive consultation with the Children's Research Centre. The Ministry communicates on an ongoing basis with the Centre and child protection agencies of other provinces to keep its practices current.

⁹ Intakes involve Ministry staff talking directly with those reporting child abuse and neglect allegations to understand the situation and determine what services the Ministry needs to provide (if any).

¹⁰ The Children's Research Centre, a division of the National Council on Crime and Delinquency, developed the licensed Structured Decision Making model. The National Council was established in 1907 to assist private and public agencies serving delinquent youth. It conducts research, evaluates programs, and develops case management systems for more than 200 state, country, and federal agencies.

The Ministry assigns reports that proceed past initial screening (i.e., are screened in) to regional caseworkers in its Child and Family Services Division for investigation. The Ministry's policy expects caseworkers to investigate and conclude whether the allegation is substantiated, and if so, whether the child is in need of protective services (i.e., put under the care of the Minister of Social Services). Policies also expect face-to-face contact between Ministry staff and the child and caregivers during investigations.

Investigations often involve co-ordination with others (e.g., schools, health care providers, policing services). In 2017, the Ministry entered into the revised Saskatchewan Child Abuse Protocol with other key government ministries (Health; Justice; Education; Government Relations; Parks, Culture and Sport) and the Saskatchewan Association of Police Services to enable officials of these agencies to prevent, detect, report, investigate, and prosecute cases of child abuse and support children who have been abused.¹¹

We found that the Ministry's child protection staff use the assessment tools to guide case decisions throughout all phases of intakes and investigations.

The Ministry uses an IT case management system, called Linkin, to track and record the completion of various steps (e.g., completed assessments, case notes) of intakes and investigations of reported child abuse and neglect allegations.

The Ministry gives new child protection staff extensive training on the Manual, assessment tools related to the Structured Decision Making model, and use of its IT case management system.¹² This training is mandatory. If staff desire a refresher, they can participate in the Ministry's monthly training sessions about its child protection processes. The training sessions cover all aspects of response to reports of alleged abuse and neglect including conducting investigations, and providing protective services to a child.

4.2 Personnel Available to Handle Reports of Alleged Child Abuse and Neglect

The Ministry has specific staff dedicated to screening and investigating reports of alleged child abuse and neglect received during the weekdays. In addition, the Ministry contracts service providers for after-business hours services including screening reports of alleged child abuse and neglect for three communities.¹³ In other communities, after business hours the Ministry expects reporting of an allegation of child abuse and neglect to local police, RCMP, or the Ministry's emergency duty workers.

The Ministry has three teams of specially trained caseworkers that receive and screen reports (e.g., calls) of suspected child abuse and neglect and decide whether to investigate. These three teams are located in three regions (i.e., service areas): Prince Albert, Regina, and Saskatoon. Prince Albert serves the north region of the province; Saskatoon the central region; and Regina the south region. These caseworkers work Monday to Friday from 8 am to 5 pm.

¹¹ *The Saskatchewan Child Abuse Protocol* demonstrates a commitment by the Government of Saskatchewan and police services to ensure that all efforts to protect children from abuse and neglect are integrated, effective and sensitive to the needs of children.

¹² The Ministry requires Ministry caseworkers (i.e., child protection staff) to hold a Bachelor of Social Work degree.

¹³ Mobile crisis services include integrated and comprehensive social and health crisis intervention services (e.g., addictions, domestic violence, child protection services).



The Ministry has contracted three different mobile crisis centres to provide after business hours services (e.g., after 5 pm on weekdays, weekends, and holidays) for the communities of Prince Albert, Saskatoon, and Regina. By contract, each centre is to receive calls, conduct intakes, and, where warranted, immediately respond to reports of suspected child abuse and neglect consistent with the Ministry's standards and procedures.

The Ministry makes phone numbers available for reporting suspected child abuse and neglect. It advertises the availability of these numbers on the Government of Saskatchewan website and in phonebooks.

The Ministry receives about 15,000 reports of suspected child abuse and neglect each year (see **Figure 3**). The majority of reports come in through phone calls. The number of reports by service area vary with the south service area receiving about 50% of total reported allegations. Management indicated that mobile crisis services receive about one-third of reported child abuse and neglect allegations.

Figure 3—Number of Reported Allegations by Service Area For the Past Three Years

Service Area	2015-16	2016-17	2017-18
Central	3,645	3,717	3,851
North	3,737	3,913	4,063
South	7,485	7,618	7,353
Total	14,867	15,248	15,267

Source: Ministry of Social Services data.

In instances where a report meets the criteria for child abuse and neglect, and the Ministry decides to investigate, it assigns the investigation to a Ministry caseworker (see **Figure 4**). At March 2018, the Ministry had about 180 child protection caseworkers for which a part of their responsibilities includes investigating suspected child abuse and neglect. The Ministry has about 19 offices located throughout the province from which these caseworkers work. The Ministry selects caseworkers to investigate based on caseload and proximity to the child and family.

Staff from one service area routinely assist staff in another service area in managing higher levels of workloads (investigations and child protection cases) or where higher than expected staff turnover occurs. For example, during 2017-18, staff from the south service area assisted staff from the north service area in investigating reports of alleged child abuse and neglect so that appropriate investigations took place within required timeframes.

Also, from time-to-time, to distribute workloads better, the Ministry reassigns communities from which a service area handles calls. For example, in 2018, the central service area assumed from the north service area, responsibility for calls originating in the North Battleford and Lloydminster communities.

4.3 Screening Process Well Established But Consistent Independent Review and Approval of Screening Decisions Needed

The Ministry follows well-established processes to handle the receipt and screening of reports of alleged child abuse and neglect (intakes). But independent review of decisions made in completed intake assessments were not always done or done within the expected timeframe, and reasons for changed decisions about whether to investigate were not always documented.

Intake Assessments Completed As and When Expected

The Ministry's Structured Decision Making model and Manual requires caseworkers (i.e., Ministry staff and contracted service providers who screen reports) to screen all reports of alleged child abuse and neglect using an intake assessment. This assessment determines whether a report of alleged child abuse and neglect meets the criteria for investigating, and if so, how quickly an investigation must be initiated (i.e., priority level based on the response priority assessment).

Caseworkers must complete the intake assessment immediately using the criteria upon receipt of a report of the alleged child abuse and neglect (or within three days in the instance where additional information is required). **Figure 4** provides examples of criteria and sets out the standard response priority levels.

Figure 4—Examples of Criteria for Investigating Reports of Alleged Child Abuse and Neglect and Response Priority Levels

Some criteria have an automatic immediate response. For instance, the following require immediate response and investigation:

- Death of a child/another child at home
- Severe non-accidental injury
- Severe neglect

For all others, the Structured Decision Making model requires staff to complete a response priority decision tree for each maltreatment criteria type selected (e.g., physical abuse, emotional abuse). Where the final screening decision is screened in, response priority levels are as follows.

- Immediate—Same working day as receipt of the report
- Five days—Within five calendar days of the receipt of the report

Source: Ministry of Social Services, *Child Protection Services Manual*.

Caseworkers are to prioritize reports of alleged child abuse and neglect; they may decide:

- To investigate the report the same day as receipt (referred to as “screened in” for investigation with immediate response)
- To investigate the report within five days of receipt (referred to as “screened in” for investigation with non-immediate response)
- Not to investigate (referred to as “screened out”)

Caseworkers may also determine that additional information must be gathered (usually within three working days of the receipt of the report) to determine whether an investigation is warranted.



For almost all of the 63 reports of alleged child abuse and neglect we tested, the Ministry and/or the contracted service providers completed the intake assessments as and when required.

Ministry staff are to record all reports of child abuse and neglect and complete intake assessments in the Ministry's IT case management system.

Contracted service providers, by contract, must give the Ministry reports and related assessments (e.g., intake assessments) before 9 am the following day, or on Monday morning for reports received during a weekend. In the event a service provider receives a report of alleged child abuse and neglect that warrants immediate response, its staff initiates an immediate investigation.

We found the contracted service providers sent reports and related assessments to the Ministry within the required timeframes. Ministry staff entered reports from them into its IT case management system, as expected.

Independent Reviews of Completed Intake Assessments Not Always Done or Done within Reasonable Period

Deciding whether to investigate an allegation of child abuse and neglect further can have significant ramifications to a child's safety if the Ministry makes the wrong decision. Consequently, the Ministry requires, for all reports, a supervisor who is not the individual who completed the assessment to review the appropriateness of the decision made in the intake screening assessment. It calls this independent review a supervisor review.

Supervisors are to review and approve, by making a notation in the IT case management system, all screening decisions (including intake and response priority assessments). For example:

- Where the completed intake assessment recommends an immediate response, supervisors must approve within the same working day
- Where the intake assessment recommends a non-immediate response, supervisors must approve within two working days
- Where the intake assessment recommends no investigation (screened out), the Ministry's Manual does not specify the timeframe in which a supervisor must approve these reports. We expected the supervisors would review and approve the recommendation within two working days (i.e., within the same timeframe as a non-immediate response).

Our testing of 63 reports found that independent reviews are not always occurring consistently or timely.

For 1 of 63 reports of alleged child abuse and neglect we tested, the supervisor did not review and approve the intake assessment decision. In 2 other reports we tested, the same person made and approved the intake assessment decision. For all 3 of these reports, the decision was no investigation.

For another 3 of 63 reports we tested, where the intake assessment decision was no investigation, the supervisor review and approval did not occur until one to two weeks after the intake assessment was complete.

Independently reviewing intake assessments within a short timeframe after their completion confirms the Ministry has made appropriate and objective decisions related to reported child abuse and neglect allegations. Not doing timely independent reviews of intake assessments increases the risk of the Ministry not appropriately protecting children.

1. **We recommend that the Ministry of Social Services have independent review and approval of screening decisions within two working days when the Ministry decides not to investigate a child abuse and neglect allegation.**

Reasons for Overrides of Screening Decisions Not Always Documented

The Ministry allows supervisors to override the screening decisions made by staff on completed intake assessments (e.g., change from investigate to not investigate or vice versa). Supervisors may change the decision if they are aware of additional history of the family and/or deem the risk of the situation differently than the intake assessment indicates. In these situations, the Ministry expects the supervisor to document, in its IT case management system, the reason for the change.

To enhance its screening processes, the Ministry created review teams in Saskatoon (2015) and Regina (2017). For example, in Saskatoon, the review team discusses reports assessed as not requiring an immediate investigation (non-immediate), or no investigation (screened out). These reviews occur the working day following completed intake assessments. The review team includes screening supervisors, mobile crisis centre staff, and sometimes representatives from First Nations agencies. Prince Albert plans to implement a review team in fall 2018.

For 2 of 63 reports we tested with an override, the rationale for change from the recommended action was not sufficient. In both cases, supervisors changed the recommended action from investigating the report (non-immediate response) to not investigating (screened out). When we brought these cases to management's attention, management found that the supervisors' changes were not appropriate and the reports should have been investigated. In both cases, the Ministry has had ongoing contact with the children and families since the overrides and conducted appropriate follow-up.

For 1 of these 2 reports we tested with an override, the review team inadvertently missed reviewing the override. For the other report, a review team did not exist in the related service area.

Documenting reasons for changes to screening decisions helps show why they are legitimate and appropriate. It provides a basis when reviewing decisions, and where necessary, defending them. Reviews help ensure the Ministry makes the right decisions when it comes to investigating reports of alleged child abuse and neglect, and children do not remain in unsafe environments.

2. **We recommend that the Ministry of Social Services promptly monitor the appropriateness of changed screening decisions related to reported child abuse and neglect allegations.**



4.4 Process to Investigate Reports of Child Abuse and Neglect Well Established but Not Always Followed

The Ministry has a well-established process to investigate reports of alleged child abuse and neglect, but the process is not always followed.

Having robust and timely investigations to determine whether a child is in need of protection, or a child and/or family requires ongoing services is key.

The Ministry, through its Child Protection Services Manual and use of the Structured Decision Making model, expects caseworkers to complete the following key steps within prescribed timeframes. It expects caseworkers to finalize, and supervisors to review the investigation decision within 45 calendar days of assignment to a caseworker (see **Figure 5**).

Figure 5—Key Steps Required in Child Abuse and Neglect Investigations

Key Step	Maximum Number of Days to Complete Step
Attempt face-to-face contact with child and family	Immediately (for immediate response) or within 5 days of initiation of investigation (for non-immediate response)
Complete a safety assessment	Same timing as face-to-face contact
Complete a safety plan (where safety decision is “safe with services”)	Same timing as face-to-face contact
Complete a family risk assessment	Within 30 calendar days of assignment of investigation to caseworker
Document findings and finalize investigation decision in the Ministry’s IT case management system (i.e., close or transfer case to child protection services for ongoing services)	Within 45 calendar days of assignment of investigation to caseworker
Supervisor reviews and approves the investigation decision	Within 45 calendar days of assignment of investigation to caseworker

Source: Ministry of Social Services, *Child Protection Services Manual*.

Our review of the Child Protection Services Manual and model found they give staff sufficient guidance on how to conduct investigations and the information to gather. They include clear and understandable procedures for staff to follow.

Over 40% of allegations reported resulted in an investigation.¹⁴ Typically, the Ministry undertakes about 6,000 investigations a year with about one-third resulting in the Ministry taking a child into its care. As shown in **Figure 6**, the number of investigations initiated each year has increased over the past three years.

Figure 6—Number of New Child Abuse and Neglect Investigations and Children Entering the Ministry’s Care for the Past Three Years

Year	New Investigations	Children Entering Care
2015-16	5,634	1,865
2016-17	6,141	1,892
2017-18	6,716	1,864

Source: Ministry of Social Services data.

¹⁴ 6,000 investigations/15,000 reported allegations = 40%.

Timely Face-to-face Contact with Child and Family Needed

The Ministry did not always attempt to contact the child and family within required timeframes during investigations of reported child abuse and neglect.

When investigating reports of suspected child abuse and neglect, the Ministry requires caseworkers to attempt first contact with a child who is the subject of the report and their family immediately or within five days of starting the investigation. The Ministry expects caseworkers to complete, following Ministry standards and procedures, a written safety assessment, and if appropriate, a safety plan before leaving the home.

The Ministry safety assessment tool assists caseworkers in determining the safety of children who are the subject of alleged abuse or neglect. As set out in **Figure 7**, the tool has three categories—is the child “safe”, “safe with services” or “unsafe”?

Figure 7 – Categories of Safety of a Child

- **Safe** – there are no immediate safety threats
- **Safe with Services** – there are identified safety threats, but there are protective capacities and there are safety interventions that can be put in place to allow the child(ren) to safely stay in the home
- **Unsafe** – there are identified safety threats, there may or may not be protective capacities but there are no possible safety interventions that can be put in place to allow the child(ren) to safely stay in the home

Source: The Structured Decision Making System for Child Protective Services, *Policy and Procedures Manual*.

Caseworkers are to prepare a written safety plan if they assess the presence of a safety threat, and the safety decision is “safe with services”. The safety plan sets out actions to mitigate the safety threat. The Ministry requires both the caregiver and caseworker to sign the plan before the caseworker leaves the home.

Caseworkers remove children from a home and place them in a safe place where they decide a child is “unsafe”.

For all six safety assessments we tested that required a safety plan, each had an adequate plan signed by both parties, as required.

For 15 investigations we tested that were classified as requiring immediate response, each documented face-to-face contact between the Ministry caseworker, child, and family, and a safety assessment was completed the same day as the reported allegation as required.

For 2 of 15 investigations we tested that were classified as non-immediate response, Ministry caseworkers did not attempt to make contact with the child and their family, and as a result did not complete the safety assessment within 5 days as required. One instance was 3 days late, and the other was 16 days late.

The Ministry has set timeframes for the timing of contact to keep children in these situations safe. Not making contact with a child within the prescribed timeframes increases the risk the child remains in an unsafe environment.

3. **We recommend that the Ministry of Social Services attempt to make face-to-face contact with the child and family involved in a reported child abuse and neglect allegation within required timeframes to assess the child’s safety.**



Family Risk Assessments Not Always Completed Within Required Timeframes

The Ministry does not always complete family risk assessments within required timeframes.

The Ministry requires caseworkers to complete a family risk assessment within 30 days of assignment of the investigation.

The family risk assessment estimates the likelihood of a family abusing or neglecting a child in the future (e.g., in the next 12-18 months). This assessment influences the decision on whether to provide ongoing Ministry services to the child and/or family. Therefore, the caseworker must complete it before concluding an investigation of suspected child abuse and neglect.

For 3 of 30 investigations we tested, caseworkers completed the family risk assessments late (i.e., after the required 30 days). For 1 investigation, staff completed the family risk assessment 43 days late. For the other 2 investigations, staff had not completed the family risk assessments at June 30, 2018, and the required 30 days had passed—with one being 2 days late and the other already 76 days late.

We also found that for another investigation, staff did not complete a family risk assessment even though its IT case management system indicated that the investigation was closed.

Delays in completing family risk assessments results in delays in finalizing investigations. Not having a timely, completed family risk assessment may result in a family not receiving ongoing child protection services timely, when there is high likelihood that the family will maltreat their child in the future.

4. We recommend that the Ministry of Social Services complete family risk assessments for child abuse and neglect investigations within required timeframes.

Investigations Not Always Finalized Within Required Timeframes

The Ministry did not always finalize investigations within 45 days as expected.

Ministry staff are to complete assigned investigations of suspected child abuse and neglect within 45 days of initiation. Its investigation processes require caseworkers to:

- Complete investigative findings (i.e., conclude whether child is in need of protection, or family requires ongoing services) within 30 calendar days of receipt of investigation assignment
- Finalize the investigation and document findings in its IT case management system within 45 calendar days of receipt of investigation assignment

Once completed, staff are to indicate in the IT case management system either that the investigation is closed (i.e., investigation is complete, and child and/or family does not need ongoing services from the Ministry), or, where ongoing services are needed, transfer the responsibility for the case to child protection caseworkers responsible for providing

those services. In addition, supervisors must review and approve the investigation decision, and document their review in the IT case management system.

For the 28 completed investigations we tested, the final investigation decision was appropriate given the information in the IT case management system. Where the Ministry decided to take action (e.g., apprehend a child, provide ongoing services), we found it was done within expected timeframes. For each of these investigations, we also found supervisors approved the investigation decision.

However, for 9 of 30 investigations we tested, caseworkers did not finalize the investigation within required timeframes. Consequently, the supervisors' review of the investigation decision was also late. For 6 of these investigations, caseworkers appropriately documented, in the IT case management system, the reasons as to why completion of the investigations was delayed (e.g., extra time needed to locate applicable parties, delayed receipt of police report).

For the remaining 3 investigations, staff did not document the reasons for delays in the IT case management system. One of these 3 files was finalized 43 days late. The remaining 2 investigations were not finalized, as of June 30, 2018, with lateness of 2 and 76 days.

Our testing results were consistent with the Ministry's data. As shown in **Figure 8**, as at June 30, 2018, 44% investigations (521 out of 1,180) were not finalized (i.e., open) within the Ministry's required 45 days of which 7% of those were open for more than 180 days.

Figure 8—Number of Child Abuse and Neglect Investigations Open More Than 45 and 180 days as at June 30, 2018, by Service Area

Service Area	Number of Cases Open ^A			
	Total	Greater than 45 days	Greater than 180 days	% Greater than 180 days
South	584	235	19	3.3%
Central	274	90	4	1.5%
North	322	196	56	17.4%
Total	1,180	521	79	6.7%

Source: Ministry of Social Services data.

^AOpen means investigation is not finalized.

Not finalizing investigations within required timeframes results in late supervisors' review and agreement with investigation decisions. This may result in delayed ongoing child protection services to children and families in need.

- We recommend that the Ministry of Social Services finalize investigations of reported suspected child abuse and neglect within required timeframes, to allow timely supervisor review.**

4.5 Investigations and Intakes Actively Monitored

The Ministry uses various reports from its IT case management system to actively monitor the status of child abuse and neglect intakes and investigations, and adjust resources as necessary.



Management reviews various investigation and intake caseload reports from its IT case management system each month. For example, these reports show the number of active investigations and the length of time investigations have been open (see **Figure 8**).

The reports also show investigation caseloads by service area, office, unit, supervisor, and caseworker. Based on analysis of the reports, management identified issues with relevant staff, and adjusted caseloads as needed. For example, management's detailed review of a certain office determined reasons for delays in finalizing investigations. The review resulted in the closure of a number of investigations.

The Ministry also adjusts staffing levels based on the analysis of reports. To manage 20 unfilled child protection caseworkers at March 31, 2018, management shifted responsibilities and resources between service areas (see **Section 4.2**).¹⁵ For example, the Ministry had staff from other regions travel to the north service area to conduct investigations and provide ongoing protection services to help address staff shortage in the north in 2017.

4.6 Compliance with Standards Monitored and Actions Taken

The Ministry monitors compliance with standards and procedures through reviews of child protection files in each service area and reviews of critical incidents.

The Ministry's Quality Assurance Unit conducts annual reviews of child protection files of each services area to monitor compliance with standards and procedures in the Child Protection Services Manual. These quality assurance reviews assess compliance with Ministry standards (including timeframes) related to intakes and investigations of suspected child abuse and neglect. For example, they assess whether staff completed safety assessments within expected timeframes, and where safety threats existed, staff completed an adequate safety plan. They also determined whether staff completed family risk assessments within Ministry timelines.

The Quality Assurance Unit shares the preliminary review results, and any immediate concerns with the related service area management. If reviews identify items requiring immediate attention (e.g., completion of assessments required, need for additional documentation in the IT case management system), the Unit requires service area management to advise the Unit of actions taken.

We found the quality assurance findings consistent with our testing results (e.g., family risk assessments not always completed timely). We found the nature and extent of these reviews sufficient and robust.

In addition, the Ministry reviews all critical incidents that happen to a child who has received child protection services from the Ministry in the last 12 months prior to the incident. Critical incidents include death of a child or critical injury that will have a lasting effect on a child's life.

¹⁵ Investigating child abuse and neglect is only a portion of childcare and child protection workers' assigned duties. Workers also provide ongoing services to children in care and families requiring support.

The Ministry reports critical incidents to senior management, the Saskatchewan Advocate for Children and Youth, and the Office of the Chief Coroner (in cases of death).

For the 12-month period ending December 2017, there were 24 critical incidents related to children who received child protection services from the Ministry in the last 12 months (six-month period ended June 30, 2018: 8 critical incidents).

The Ministry conducts initial reviews of critical incidents. The initial review examines information surrounding the incident (e.g., was the incident self-inflicted, the result of an act or omission of the caregiver), and determines whether to further investigate (i.e., do a comprehensive review). Comprehensive reviews usually result in recommendations for change, which the Ministry monitors for implementation.

Annually, the Ministry produces a report of all critical incidents and recommendations to address common themes (i.e., root causes). This report is shared with the Ministry's senior management. Our review of the annual report for 2017 found that the Ministry concluded critical thinking, in conjunction with accurate use of Ministry Structured Decision Making tools, was crucial to proper screening and investigations of reported alleged child abuse and neglect.

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Follow-Up Audits

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Chapter 27

Advanced Education – Approving Capital Projects

1.0 MAIN POINTS

By August 2018, the Ministry of Advanced Education implemented a recommendation we made in 2016 related to its processes to approve capital projects. In August 2018, the Ministry gave post-secondary institutions feedback about unapproved requests for funding for capital projects related to the 2018-19 budget cycle. In addition, the Ministry drafted a process to provide post-secondary institutions with annual feedback as part of its infrastructure planning cycle.

2.0 INTRODUCTION

This chapter describes our first follow-up of management's actions on the recommendation we made in 2016.

Our *2016 Report – Volume 2*, Chapter 24 reported that the Ministry of Advanced Education had, other than for the following area, effective processes to approve post-secondary capital projects. It needed to give post-secondary institutions timely feedback about capital project requests that are not approved. In 2017-18, the Ministry provided \$21.4 million in capital grants to post-secondary institutions.¹

To conduct this audit engagement, we followed the standards for assurance engagements published in the *CPA Canada Handbook – Assurance (CSAE 3001)*. To evaluate the Ministry's progress towards meeting our recommendation, we used the relevant criteria from the original audit. Ministry management agreed with the criteria in the original audit.

To perform our follow-up audit, we discussed actions taken with Ministry management, and reviewed the Ministry's policies and documentation related to approving capital projects.

3.0 STATUS OF RECOMMENDATION

This section sets out the recommendation, the date on which the Standing Committee on Public Accounts agreed to the recommendation, the status of the recommendation as of August 15, 2018, and the Ministry's actions up to that date. We found that the Ministry implemented the recommendation.

¹ *Ministry of Advanced Education Annual Report for 2017-18*, p. 25. Includes funding provided for preventative maintenance and renewal projects.



3.1 Feedback on Unapproved Capital Projects Provided

We recommended that the Ministry of Advanced Education give post-secondary institutions timely feedback about capital project requests that are not approved. (2016 Report – Volume 2; Public Accounts Committee agreement September 21, 2017)

Status – Implemented

As of August 2018, the Ministry provided post-secondary institutions with timely feedback about unapproved requests for funding for capital projects via email. The email advised institutions about which project submissions had not been accepted, factors the Ministry used to evaluate the proposals, and key elements of successful proposals. These projects did not receive approval for funding as part of the Ministry's annual allocation of funding for strategic preventative maintenance and repair projects in the 2018-19 budget cycle.

In July 2018, the Ministry provided post-secondary institutions with a proposed process and related draft policies regarding infrastructure planning cycle and capital project approvals. The process is to include a debrief session after the announcement of Government's budget for the upcoming year. A debrief session would give post-secondary institutions an opportunity to discuss proposed capital projects that were not successful in obtaining approval for funding. The Ministry plans to finalize these policies in the fall of 2018.

Chapter 28

Central Services—Web Application Security Requirements

1.0 MAIN POINTS

Web applications may allow attackers to access and corrupt confidential government information or interrupt government services if not appropriately secured.

By June 2018, the Ministry of Central Services had made some improvements to better support the development and operation of secure government ministry web applications. It had addressed two of four recommendations we made in our 2016 audit related to web application security requirements. It was making progress on the other two recommendations.

Central Services was tracking key information about ministry web applications and had begun to assess web applications for security vulnerabilities. While it had started updating security-focused web application procedures and guidelines, further guidance was needed for prioritizing work to address identified high-risk vulnerabilities on a timely basis.

Addressing high-risk vulnerabilities in web applications helps minimize the risk of a breach of government information in the web applications, as well as in other applications and data that Central Services hosts in the data centre.

2.0 INTRODUCTION

The Ministry of Central Services is responsible for the security requirements for the development and operation of government ministry web applications.¹ Comprehensive security requirements support an organized and consistent approach to implementing and maintaining security across ministry web applications to help minimize the risk of a breach of government information. Sufficiently comprehensive procedures and guidance would include working with the ministries to promptly identify and address identified web application vulnerabilities classified as higher risk.

In our *2016 Report – Volume 1*, Chapter 6, we concluded that, while the Ministry of Central Services had an overall security policy framework consistent with best practices, it did not have sufficiently comprehensive procedures and guidance to support the development and operation of secure government ministry web applications. We made four recommendations.

This chapter is our first follow-up on the status of implementation of those recommendations.

To conduct this audit engagement, we followed the standards for assurance engagements published in the *CPA Canada Handbook – Assurance (CSAE 3001)*. To evaluate Central Services' progress towards meeting our recommendations, we used the relevant criteria from the original audit. Central Services' management agreed with the criteria in the

¹ Web applications are computer programs that are built into websites, and help websites work. For example, web applications are used when filling out a form, creating an account, using an online shopping cart, or using the search capability on a website.



original audit. We reviewed Central Services' web application security procedures and guidance, web application inventory systems, results of web application vulnerability assessments, and plans and reports related to addressing identified web application vulnerabilities. We also interviewed Central Services' staff involved in web application security processes.

3.0 STATUS OF RECOMMENDATIONS

This section sets out each recommendation including the date on which the Standing Committee on Public Accounts agreed to the recommendation, the status of the recommendation at June 30, 2018, and Central Services' actions up to that date. We found that Central Services had implemented two of the four recommendations.

3.1 Tracking Information about Web Applications

We recommended that the Ministry of Central Services document key information about all ministry web applications that are subject to its security policy. (2016 Report – Volume 1; Public Accounts Committee agreement January 11, 2017)

Status – Implemented

Since 2016, Central Services compiled a list (i.e., inventory) of existing ministry web applications. It began maintaining details on web applications in an IT system.

Central Services determined the initial information it required to manage web applications. This included who owns the application, where the application is located, and the server on which the application resides.

Central Services compiled a spreadsheet of existing web applications that it manages on behalf of ministries. This spreadsheet lists over 460 web applications.

In addition, in 2017, Central Services began tracking all IT assets it manages on behalf of ministries, including web applications, in a central IT system. Central Services has processes for maintaining the integrity of the data (e.g., validating data entered, recording decommissioned IT assets timely) in this central IT system.²

Good security practices include maintaining key information about applications.

3.2 Web Applications Routinely Analyzed

We recommended that the Ministry of Central Services require routine analysis of web application vulnerabilities to monitor compliance with its security policy. (2016 Report – Volume 1; Public Accounts Committee agreement January 11, 2017)

Status – Implemented

² Decommissioned assets include servers or applications withdrawn from service.

Starting in late 2017, Central Services completed monthly assessments of ministry web applications to identify security vulnerabilities.³

Central Services used an established scanning tool to complete the vulnerability assessments. The tool rated vulnerabilities identified by level of security risk posed (high, moderate, low risk).

Routine analysis of web applications helps to identify vulnerabilities on a timely basis.

3.3 Guidance and Work to Prioritize and Address Web Application Vulnerabilities Evolving

We recommended the Ministry of Central Services develop and maintain comprehensive procedures and guidelines to support the development and operation of secure web applications. (2016 Report – Volume 1; Public Accounts Committee agreement January 11, 2017)

Status – Partially Implemented

We recommended that the Ministry of Central Services work with the ministries to address identified higher-risk web application vulnerabilities. (2016 Report – Volume 1; Public Accounts Committee agreement January 11, 2017)

Status – Partially Implemented

Central Services had appropriate guidance to support the development of secure web applications, but it was not always followed. Its guidance for maintaining security of web applications was still evolving.

Guidance in Place for Developing Secure Web Applications but Not Always Followed

Since 2016, Central Services developed guidance to support secure development of web applications but did not always follow it.

Central Services developed application security coding guidelines that include leading security industry practices. For example, guidelines required web application developers to avoid common security issues identified by the security industry (e.g., OWASP Top 10 Most Critical Web Application Security Risks).⁴ The coding guidelines provided in-depth details on topics such as restricting access, encrypting data, keeping coding simple, and checking input from external users.

We found that Central Services' staff were aware of and considered the guidance when developing new web applications.

In 2017, Central Services developed a draft web application security policy. It requires security assessments for new web applications or for web applications undergoing

³ Security vulnerabilities are weaknesses in web applications that attackers can use to see sensitive information (e.g., credit card, banking, birthdate information) while it is being processed by the web application (i.e., data in transit) or gain access to data stored by the web applications or other applications in the same network(s). In addition, attackers can exploit weaknesses in web applications to put systems and data belonging to public users at risk.

⁴ OWASP is an international not-for-profit organization focused on improving the security of software.



significant change, before putting the new or changed application into use. Central Services did not always follow its requirements.

For a new web application we examined, Central Services did not complete the security assessment until eight weeks after it put the web application into use. As a result, for the high-risk vulnerability found, Central Services did not assess the security impact to the data centre or the public users who enter sensitive information into the new website.

Not assessing new web applications for potential higher-risk vulnerabilities prior to implementation increases the risk that the application could be compromised, and sensitive data lost or inappropriately accessed.

Better Guidance for Prioritizing and Addressing Web Application Vulnerabilities Needed

While Central Services began monthly web application security assessments, it did not have approved guidance that outlines the process for compiling and prioritizing identified vulnerabilities. Without prioritization guidance, Central Services may not be focusing on higher-risk vulnerabilities first.

Central Services' draft web application security policy requires routine security assessments to monitor for new vulnerabilities over time. We expected the policy would outline that higher-risk web applications should be assessed more frequently than lower-risk ones.

As previously stated, Central Services completed monthly assessments of all existing ministry web applications to identify security vulnerabilities in late 2017. Management advised us it did not use a risk-based approach to determine which web applications to assess due to the extensive amount of existing and advancing vulnerabilities that require continuous assessment.

The monthly assessments identified an extensive amount of vulnerabilities on a number of existing web applications. These vulnerabilities increase the risk of attacks causing unauthorized access to or unavailability of ministry IT systems and data.

For 13 web application vulnerability assessments we reviewed, Central Services had identified 67 high-risk and 85 medium-risk vulnerabilities. Results varied by web application, with one application having 58 high-risk vulnerabilities, and three others having no vulnerabilities. Central Services was in the early stages of working with the web application owner to address the 58 high-risk vulnerabilities.

Central Services also began working with web application owners (ministries) to address other vulnerabilities found through its assessments. We found that Central Services had not compiled or prioritized the web applications with identified higher-risk vulnerabilities to make sure higher-risk vulnerabilities are addressed within an appropriate timeframe. Rather it used informal prioritization processes to plan work to address web applications with higher-risk vulnerabilities. At June 30, 2018, Central Services continued to develop plans to address higher-risk vulnerabilities, but had significant work remaining.

Compiling, prioritizing, and addressing higher-risk vulnerabilities reduces the risk that ministry web applications can be compromised, and sensitive data lost or inappropriately accessed.

Chapter 29

Corrections and Policing—Planning for Inmate Capacity in Correctional Facilities

1.0 MAIN POINTS

By July 2018, the Ministry of Corrections and Policing implemented three of the six recommendations we made in our 2016 audit of its processes to plan for inmate capacity of its adult correctional facilities. It partially implemented another recommendation and did not implement the other two recommendations.

The Ministry established written guidance for use in planning capacity, completed an analysis of alternatives to meet the needs for facility space, and updated written contingency plans to meet unexpected changes in capacity.

The Ministry continues to work to define how it will determine the facilities' inmate capacity, forecast demand for rehabilitation program space, and develop a written long-term plan to manage inmate capacity.

Having strong processes for facility capacity planning is key to correctional facilities having safe or humane conditions for inmates and correctional officers, and effective rehabilitation of inmates. It also helps avoid inefficient use of public funds or operating over the capacity of the correctional facilities.

2.0 INTRODUCTION

Over the past 10 years, Saskatchewan's adult inmate population has grown by 37%, mainly due to a 66% increase in the number of inmates on remand.¹ This significant growth creates challenges in planning facility capacity for housing and rehabilitating adult inmates.²

Saskatchewan's adult inmate population fluctuates and its adult facilities continue to operate at and, at times, over capacity. At July 31, 2018, the year-to-date average was 1,970 adult inmates (of which 949 were on remand—48%) (August 31, 2016: 1,839 adult inmates of which 46% were on remand).

As of July 2018, the Ministry of Corrections and Policing operated 12 adult correctional facilities owned or leased by the Ministry of Central Services. Corrections and Policing is responsible for promoting safe and secure communities, and providing supervision and rehabilitation services for adult offenders.

Inmate facility capacity planning is complex and involves a large number of variables. This process determines the number of inmates a facility can effectively house and rehabilitate while responding to changing demands. Capacity planning involves a long-term view given building and operating facilities requires a long-term commitment of resources.

¹ Remand is where an individual is lawfully detained (e.g., arrested) or confined and awaiting trial or sentencing by the courts.

² A person who is an inmate, is under the supervision of a probation officer, or is subject to the terms of a supervision order.



This chapter describes our first follow-up of management's actions on six recommendations we made in 2016 about the Ministry's processes to plan for inmate capacity. In our *2016 Report – Volume 2*, Chapter 28, we concluded that the Ministry of Corrections and Policing (formerly the Ministry of Justice) had, except in the areas of our six recommendations, effective processes to plan for inmate capacity of adult correctional facilities.

To conduct this audit engagement, we followed the standards for assurance engagements published in the *CPA Canada Handbook – Assurance (CSAE 3001)*. To evaluate the Ministry's progress towards meeting our recommendations, we used the relevant criteria from the original audit. The Ministry's management agreed with the criteria in the original audit.

In this follow-up audit, we discussed actions taken with Ministry management, and reviewed the Ministry's documentation related to planning for inmate capacity such as the Adult Custody Long-Term Capacity Plan Project Charter, contingency plans, and a Ministry work plan.

3.0 STATUS OF RECOMMENDATIONS

This section sets out each recommendation including the date on which the Standing Committee on Public Accounts agreed to the recommendation, the status of the recommendation at July 31, 2018, and the Ministry's actions up to that date.

We found that the Ministry implemented three recommendations, partially implemented one recommendation, and did not implement two recommendations.

3.1 Guidance for Long-Term Facility Capacity Planning Documented and Plan under Development

We recommended that the Ministry of Corrections and Policing establish written guidance for use in planning capacity for delivering correctional services and programs to inmates in its adult correctional facilities. (2016

Report – Volume 2; Public Accounts Committee agreement September 21, 2017)

Status – Implemented

Since 2016, as part of its Custody Services revitalization, the Ministry developed a Project Charter that outlines the steps its working group will take to create a long-term plan for adult custody facilities.³

We found the approved Project Charter contains all necessary components for the development of a facility capacity plan. It includes alignment with the Ministry's strategic plan, research for best practice, defined deliverables, and roles and responsibilities.

³ Custody Services Revitalization is an overall project to make changes to the structure and services in the Custody Supervision and Rehabilitation Services Division of the Ministry and includes projects such as Gang Management and Health Services.

We found that, in May 2017, the Ministry had established a Steering Committee and working group to manage correctional facility capacity planning outcomes.

We recommended that the Ministry of Corrections and Policing develop a written long-term plan to manage inmate capacity in its adult correctional centres. (2016 Report – Volume 2; Public Accounts Committee agreement September 21, 2017)

Status – Not Implemented

The Ministry's written long-term plan to manage inmate capacity in its adult correctional facilities is not complete. The Ministry expects to complete the plan by the end of the 2018-19 fiscal year.

We found that the Ministry is making progress on developing a long-term plan; and expects to use the seven steps set out in its Adult Long-Term Capacity Project Charter in its development.

Not having a written long-term plan to manage inmate capacity in its adult correctional facilities increases the risk that Corrections and Policing may not have the right space to provide adequate housing and rehabilitation programs to adult inmates at the right time. Inadequate planning also increases the risk of incurring higher operational or construction costs than necessary.

3.2 Definition of Inmate Capacity Needed

We recommended that the Ministry of Corrections and Policing define how it will determine the inmate capacity of its existing adult correctional facilities to guide facility capacity planning decisions. (2016 Report – Volume 2; Public Accounts Committee agreement September 21, 2017)

Status – Partially Implemented

The Ministry is in the process of defining how it will determine the inmate capacity of its existing adult correctional facilities, and how it will use this information to guide facility capacity planning decisions.

As our 2016 audit indicated, there is no internationally accepted standard for living and program space for an inmate.

We found that, since 2016, the Ministry researched how to define inmate capacity. In addition, the Ministry compiled facility inventories (e.g., the number of beds, toilets, showers, and sinks; and the physical measurements of cells and program spaces).

The Ministry is using its research to define acceptable standard space (living and program) for an inmate. The Ministry expects to use the research and inventories, along with its definition of acceptable space per inmate to determine the optimal number of inmates to place in each area of a facility.

Not defining the inmate capacity of its existing adult correctional facilities makes long-term capacity planning difficult. It increases the risk that the Ministry may not make



effective decisions about utilization, modification, or construction of facilities. It may result in inmates in different facilities having differing and insufficient space available for living and programs. Poor facility decisions could potentially result in inhumane or unsafe conditions for inmates or correctional officers, ineffective rehabilitation of inmates, or inefficient use of public funding.

3.3 Analysis of Alternatives Complete

We recommended that the Ministry of Corrections and Policing promptly complete its analysis of alternatives to meet needs of adult correctional facility space, including those alternatives that do not require major construction or renovation of the facilities. (2016 Report – Volume 2; Public Accounts Committee agreement September 21, 2017)

Status – Implemented

In 2017, the Ministry completed its analysis of alternatives to meet the need for adult correctional facility space through finalizing its Custody Services Review. The Ministry's analysis indicated short-term remand was a driving force behind the capacity pressures at facilities. Short-term remand is where a lawfully detained individual is in custody for a short period of time, most commonly over a two to three day period.

The Ministry continues to develop and implement strategies to reduce capacity demands. For example, we found that the Ministry implemented reintegration leaves. Reintegration leaves allow a prisoner to be released before the end of the sentence, and assist offenders in their transition back into the community. The related approved policy provides standards for approving the release and monitoring of inmates for the Reintegration Leave program.

Other related actions that we noted include Early Case Resolution, and Community Alternatives to Remand. Early Case Resolution involves prosecutors managing cases on the weekends to move remanded individuals through the justice system faster. Community Alternatives to Remand involves providing alternative housing options to remanded individuals deemed low risk. We also noted that the Ministry continues to research other alternatives.

3.4 Rehabilitation Program Demand Not Forecasted

We recommended that the Ministry of Corrections and Policing promptly forecast demand for rehabilitation program space in its adult correctional facilities. (2016 Report – Volume 2; Public Accounts Committee agreement September 21, 2017)

Status – Not Implemented

The Ministry has not forecasted demand for rehabilitation program space in adult correctional facilities. While the Ministry continues to forecast inmate capacity and average daily population, it does not forecast the nature and extent of rehabilitation programs needed. Rehabilitation programming (e.g., effective decision-making, drug and

alcohol treatment) is aimed at reducing reoffending and preparing inmates to reintegrate back into their communities.

Inmate capacity planning includes considering space required for housing inmates along with the space required for rehabilitation programs. This includes determining the nature and extent of programs the Ministry delivers now and plans to deliver.

Since 2016, the Ministry has researched forecasting program space, but found few examples of standard practices. The Ministry plans to continue work on this in the fall of 2018.

Not having timely forecasts of demand for rehabilitation programs increases the risk that Corrections and Policing may not have sufficient and adequate space when needed to rehabilitate inmates.

3.5 Facility Contingency Plans Complete and Centrally Collected

We recommended that the Ministry of Corrections and Policing regularly update written contingency plans to meet unexpected changes in demand for living and program space in its secure-custody adult correctional facilities. (2016 Report – Volume 2; Public Accounts Committee agreement September 21, 2017)

Status – Implemented

Since 2016, management of each of the four secure-custody adult correctional centres developed and submitted written contingency plans for living and program space in their facilities to other officials within the Ministry.^{4,5} Those ministry officials verified each plan is complete and appears workable. The responsibility for the currency and implementation of contingency plans remains with management of each correctional centre.

The Ministry indicated that it centrally reviews the contingency plans annually, and correctional centres are to update the plans as needed. Centres are to update the contingency plans due to renovations, incidents, or other factors in the facility.

We noted that each of the contingency plans intend to maximize the use of dorms and units to house inmates before using space from gyms, chapels, program areas, or other non-dorm areas. Each plan indicates these non-dorm contingency options would only be used if all dorm options are filled.

By having effective and written plans to address unexpected changes in demand, Corrections and Policing reduces the risk of the Ministry not providing inmates with adequate housing or rehabilitation programming.

⁴ Secure-custody facilities are designed to restrict and monitor the movements and activities of inmates, while supporting the delivery of rehabilitation programs.

⁵ At July 2018, the Ministry of Corrections and Policing operated five secure-custody facilities (three for men, two for women) comprised of four provincial correctional centres and one remand unit; and seven reduced-custody facilities (six for men, one for women) comprised of one community correctional centre, five training residences, and one camp. Reduced-custody facilities accommodate sentenced inmates who are low risk and can leave the facilities to attend programming in the community (e.g., education, employment) designed to help the inmates reintegrate into society.

Chapter 30

Corrections and Policing – Rehabilitating Adult Inmates

1.0 MAIN POINTS

By October 2018, the Ministry made little progress towards implementing the three remaining recommendations we first made in our 2008 audit regarding rehabilitating adult inmates.

The Ministry did not effectively monitor the proportion of inmates accessing planned rehabilitation programs, or the re-offence rates in relation to rehabilitation programs. The Ministry also did not consistently follow its policy surrounding assessment of inmates' needs, and did not always provide inmates with relevant rehabilitation programs consistent with those assessments. For almost one-quarter of the inmate case files we tested, correctional facilities did not provide inmates with relevant rehabilitation programming before their release into the community.

At October 2018, the Ministry was evaluating changes to its risk assessment and case management processes, with a goal towards improving how it addresses inmates' needs.

Research indicates that inmates receiving treatment in rehabilitation programs have lower re-offending rates than offenders who do not receive treatment.¹ Rehabilitated inmates have more opportunities to return to work and contribute to their community.

2.0 INTRODUCTION

Under *The Correctional Services Act, 2012*, the Ministry of Corrections and Policing is responsible for providing correctional services and programs, including the rehabilitation of inmates.

The Ministry, through its Custody, Supervision and Rehabilitation Services Division, designs and provides programs aimed at reducing reoffending and improving the ability of offenders to reintegrate into their communities.² Before releasing inmates into the community, the Ministry must address the needs of inmates to reduce the risk of danger to the public.

This chapter describes our fourth follow-up of the Ministry's actions on recommendations we first made in 2008. In our *2008 Report – Volume 1*, Chapter 2, we identified areas where the Ministry could improve its processes to rehabilitate adult inmates in provincial corrections centres. We made four recommendations. In our three subsequent follow-ups of the Ministry's actions on these recommendations, we found the Ministry had implemented one of the four recommendations by March 31, 2010 (the time of our first follow-up) and has made little progress since.

To conduct this audit engagement, we followed the standards for assurance engagements published in the *CPA Canada Handbook – Assurance (CSAE 3001)*. To evaluate the Ministry's progress towards meeting our recommendations, we used the relevant criteria

¹ www.publicsafety.gc.ca/cnt/rsrscs/pblctns/prnpls-rhbltn/index-en.aspx (9 October 2018).

² Ministry of Corrections and Policing, *Annual Report for 2017-18*, p. 5.



from the original audit. The Ministry's management agreed with the criteria in the original audit.

In this follow-up audit, we interviewed staff responsible for the rehabilitation of adult inmates. To test key aspects of the rehabilitation processes, we reviewed policies, examined a sample of inmate case files, and reviewed evaluations of rehabilitation programs.

3.0 STATUS OF RECOMMENDATIONS

This section sets out each recommendation including the date on which the Standing Committee on Public Accounts agreed to the recommendation, the status of the recommendation at October 12, 2018, and the Ministry's actions up to that date. We found no change in status of the three remaining recommendations—the Ministry had partially implemented the recommendations.

3.1 Lack of Progress to Monitor Rehabilitation Programs and Rates of Re-offending

We recommended that the Ministry of Corrections and Policing (formerly known as the Ministry of Corrections, Public Safety and Policing) monitor the proportion of inmates accessing planned rehabilitations programs before the inmates are released into the community and enhance access to rehabilitation if required. (2008 Report – Volume 1; Public Accounts Committee agreement August 28, 2008)

Status – Partially Implemented

We recommended that the Ministry of Corrections and Policing (formerly known as the Ministry of Corrections, Public Safety and Policing) monitor re-offending rates in relation to rehabilitation programs to better evaluate its rehabilitation of inmates. (2008 Report – Volume 1; Public Accounts Committee agreement August 28, 2008)

Status – Partially Implemented

The Ministry did not effectively monitor the proportion of inmates accessing planned rehabilitation programs, or re-offence rates in relation to rehabilitation programs.

In early 2018, the Ministry hired additional correctional staff to monitor offender case management and began using a spreadsheet to monitor and track various information about inmates, including risk assessments, eligibility for rehabilitation programs, and the rehabilitation programs completed by inmates. However, the Ministry did not have a process to monitor the proportion of inmates accessing planned rehabilitations programs before the inmates are released into the community.

The Ministry also maintains inmate information in its IT system (Criminal Justice Information Management System). However, the Ministry developed a spreadsheet to

track information about inmates because of lack of system functionality in its IT system. It used the spreadsheet to monitor inmate rehabilitation programs.

Our testing of 30 items in the spreadsheet found the information for seven items did not agree with information in the Ministry's IT system. Inaccurate information in the spreadsheet limits the effectiveness of the Ministry's monitoring of rehabilitation programming.

Consistent with our 2015 follow-up, the Ministry continued to work on developing functionality within its IT system to analyze, evaluate, and report on information related to inmates and their rehabilitation. Management indicated that the delay in improving the IT system's functionality was due to the significant amount of time required to complete such work. At October 2018, the Ministry had not established a deadline for completing these IT system improvements.

We found that the Ministry's monitoring and reporting of re-offending rates in relation to rehabilitation programs was limited to predominantly one correctional centre, and only for specific programs. As we reported in 2015, management indicated that it planned to expand these processes province-wide. The Ministry expects to complete this expansion by March 31, 2019.

The Ministry cannot effectively monitor inmates' access to rehabilitation programs or re-offence rates without appropriate monitoring processes and accurate information. Without appropriate monitoring processes, correctional facilities cannot make necessary adjustments to enhance inmates' access to programs—increasing the risk of rehabilitation programs not meeting inmates' needs, and reducing their successful re-entry into society.

3.2 Compliance with Policy Inconsistent

We recommended that the Ministry of Corrections and Policing (formerly known as the Ministry of Corrections, Public Safety and Policing) consistently comply with its policies to assess inmates' needs (primary and secondary) and plan relevant programs. (2008 Report – Volume 1; Public Accounts Committee agreement August 28, 2008)

Status – Partially Implemented

The Ministry did not consistently follow its policy surrounding assessment of inmates' needs, nor always give inmates relevant rehabilitation programs consistent with those assessments.

The Ministry's case management policy requires correctional staff to complete assessments of inmate's risks and needs within 28 days of an inmate's admission to a correctional facility. In 2017-18, the stay of inmates ranged from 1 day to 1,923 days, with inmates staying an average length of 172 days.

For 9 of 30 inmate case files we tested, correctional staff did not complete the inmate assessments consistent with policy guidelines. For these inmates, correctional staff did assessments between 15 days to 120 days later than the guidelines expect. The expected length of stay for these nine inmates was between 65 to 573 days. In addition, we found



that for 7 of these 30 files, correctional facilities did not provide inmates with relevant programs (based on their assessment) before their release into the community.

While the Ministry hired additional correctional staff in 2018 to monitor offender case management, the Ministry does not have an effective mechanism to monitor timely completion of inmate assessments.

As described in **Section 3.1**, correctional staff began using a spreadsheet in 2018 to monitor and track information relating to inmate risk assessments. However, the spreadsheet did not track dates for completing assessment of inmates' needs. The Ministry only maintained this information in its IT system—emphasizing the need for the Ministry to complete development of functionality in this system.

The Ministry indicated that it was reviewing its risk assessment and case management processes. This included evaluating which rehabilitation programs are effective across Canada. The Ministry plans to use this analysis to evaluate changes to its processes to improve how it addresses inmates' needs. Management also indicated that they plan to work with correctional staff to identify ways to improve the timeliness of inmate assessments, and to provide correctional staff with training addressing case management practices.

If the Ministry does not assess inmates' needs within a reasonable period, it increases the risk of the Ministry not providing inmates with relevant rehabilitation programming before their release to the community. Inmates that do not receive relevant rehabilitation programming are at higher risk of re-offending.

Chapter 31

Environment – Preventing the Entry and Spread of Aquatic Invasive Species in Saskatchewan

1.0 MAIN POINTS

By June 2018, the Ministry of Environment had implemented one of the five recommendations made in our 2016 audit related to the processes to prevent entry or spread of aquatic invasive species (other than aquatic invasive plants) in Saskatchewan. It, along with key partners, developed a long-term aquatic invasive species strategy to prevent the entry and spread of aquatic invasive species in Saskatchewan. In addition, it developed a communications strategy.

The Ministry's development of these strategies is a foundational step towards implementing the remaining four recommendations. The strategies will help Environment to formalize risk-based watercraft inspection strategies and for sampling waterbodies, complete and test a rapid response plan designed to reduce the impact and spread of identified aquatic invasive species (if any), and assess the effectiveness of its aquatic invasive species public education and awareness campaign.

2.0 INTRODUCTION

The Ministry of Environment is responsible for preventing the introduction or spread of aquatic invasive species in our province.

Aquatic invasive species are non-native animals (like zebra and quagga mussels) or plants that are usually spread through the water, and from one waterbody to another, by attaching to watercraft, trailers, and related aquatic equipment. They pose a serious threat to lakes and waterways in western Canada and can cause serious damage. They have been discovered in Ontario, Manitoba, Quebec, and 34 states, including Minnesota, Montana, and North Dakota.¹ Prevention is the most cost-effective way to deal with potential threats.

This chapter describes the results of our first follow-up of the Ministry of Environment's actions to implement five recommendations we first made in 2016 about preventing the entry and spread of aquatic invasive species in Saskatchewan.

In our *2016 Report – Volume 1*, Chapter 7, we concluded that the Ministry of Environment had, other than matters reflected in our five recommendations, effective processes to prevent the entry and spread of aquatic invasive species in Saskatchewan.

To conduct this audit engagement, we followed the standards for assurance engagements published in the *CPA Canada Handbook – Assurance* (CSAE 3001). To evaluate Environment's progress towards meeting our recommendations, we used the relevant criteria from the original audit. Environment agreed with the criteria in the original audit.

¹ www.saskatchewan.ca/residents/environment-public-health-and-safety/wildlife-issues/invasive-species/aquatic-invasive-species-prevention-program (21 August 2018).



In this follow-up audit, we interviewed Ministry staff responsible for aquatic invasive species prevention and detection programs. We reviewed various documents including strategies, watercraft inspection processes, waterbody sampling processes, and communications to educate the public about aquatic invasive species.

3.0 STATUS OF RECOMMENDATIONS

This section sets out each recommendation including the date on which the Standing Committee on Public Accounts agreed to the recommendation, the status of the recommendations at June 30, 2018, and Environment's actions up to that date.

3.1 Long-Term Aquatic Invasive Species Strategy Developed with Key Partners

We recommended that the Ministry of Environment collaborate with partners to develop a long-term multi-agency aquatic invasive species strategy. (2016 Report – Volume 1; Public Accounts Committee agreement September 15, 2016)

Status – Implemented

Environment collaborated with its key partners to develop a long-term Aquatic Invasive Species Strategy. At June 2018, this Strategy was substantially complete.

To develop the Strategy, Environment formed the Aquatic Invasive Species Task Force in April 2017. Environment uses the Task Force to co-ordinate and share activities of participating agencies related to aquatic invasive species. This Task Force is made up of officials from both government and non-government organizations with an interest in preventing the introduction and spread of aquatic invasive species.² The Task Force met approximately once per month since its creation.

We observed Task Force members gave the Ministry comments on the Aquatic Invasive Species Strategy as it was developed. Environment expects the Task Force partners to approve the Strategy before the end of 2018, and release the Strategy in 2019. Environment and its key partners plan to reassess the Strategy every five years.

The Strategy's objective is to prevent and minimize the spread of harmful invasive species by eliminating or reducing the threats, impacts, and costs to the environment and people of Saskatchewan. The Strategy:

- Outlines each partner's role in preventing aquatic invasive species (e.g., SaskPower is to sample waters to look for aquatic invasive species near electricity generation stations)
- Includes criteria to assess the risk of invasive species entering Saskatchewan (e.g., human behaviour and activity, where species can survive, natural predators, etc.)

² The Aquatic Invasive Species Task Force consisted of members from the ministries of Environment, Agriculture, Highways and Infrastructure, and Parks, Culture and Sport. It included members from SaskPower, SaskWater, and Water Security Agency. It also included members from non-government agencies such as Ducks Unlimited, Saskatchewan Association of Rural Municipalities, Saskatchewan Urban Municipalities Association, Saskatchewan Wildlife Federation, and others.

- Outlines actions Environment and its key partners are to complete; actions relate to educating the public, collecting and sharing data with other jurisdictions, inspecting watercraft, sampling Saskatchewan waters to detect invasive species, and developing a rapid response plan when aquatic invasive species are identified in Saskatchewan waters

We found the near-final Strategy adequately comprehensive, and its criteria sufficient to enable Environment staff to assess risks of entry of aquatic species into Saskatchewan. The Ministry plans to use risk assessments to guide the actions and priorities of it and its key partners.

3.2 Formal Watercraft Inspection and Waterbody Sampling Strategies Needed

Watercraft Inspections

We recommended that the Ministry of Environment formalize a risk-based watercraft inspection strategy related to aquatic invasive species.

(2016 Report – Volume 1; Public Accounts Committee agreement September 15, 2016)

Status – Partially Implemented

As of June 2018, while Environment had increased activities related to inspecting watercrafts, it had not formally developed or followed a documented, risk-based watercraft inspection strategy, as its near-final long-term aquatic invasive species strategy will require.

The following highlights Environment’s watercraft inspection efforts since our 2016 audit. Environment:

- Developed guidance for inspectors to use to assess the risk of the watercraft during the inspection process. This updated guidance helps inspectors make appropriate and consistent decisions.
- More actively inspected watercraft. It used permanent inspection stations located in high-traffic, high-risk areas (i.e., areas with traffic from locations known to have aquatic invasive species): Duck Mountain Provincial Park and Estevan. In 2017, Environment inspected about 1,250 watercraft (2016: 775). It decontaminated 124 watercraft (2016: 25). It identified and decontaminated 3 watercraft (2016: 2) with visible invasive mussels attached.
- Made it mandatory, as of May 2018, for people to remove drainage plugs in their watercraft when transporting craft, and to stop at inspection stations when transporting watercraft on all public roads in Saskatchewan.

The Ministry continues to belong to the WEST911 network; this network monitors and documents the movement of aquatic invasive species across borders.³

³ WEST911 is a network of western U.S. states and provinces that monitor and document the movement of aquatic invasive species across borders. Jurisdictions use this network to notify each other of the movement high-risk watercraft when identified.



A risk assessment would help Environment make informed decisions about where and when to focus its watercraft inspection activities and how many resources are needed. In addition, a risk-based inspection strategy would help Environment determine higher-risk geographical areas, and prioritize its placement of inspection resources. Without a formalized risk-based strategy, Environment does not know if its inspection efforts are sufficient and focused in the right areas to prevent aquatic invasive species from being introduced into Saskatchewan waters.

Waterbody Sampling

We recommended that the Ministry of Environment establish a risk-based strategy for sampling Saskatchewan waters for aquatic invasive species. (2016 Report – Volume 1; Public Accounts Committee agreement September 15, 2016)

Status – Not Implemented

Similar to watercraft inspections, Environment has not formalized its risk-based strategy for sampling Saskatchewan waters. It has not formalized a strategy requiring it or its key partners to carry out sampling based on an assessment of risk as its near-final long-term aquatic invasive species strategy contemplates.

Rather, consistent with findings of the 2016 audit, Environment primarily used two programs for invasive mussels monitoring, and early detection of these species:

- The Saskatchewan Adult Invasive Mussel Monitoring program.⁴ The 2017-18 invasive mussel monitoring program did not find invasive mussels based on over 120 water samples tested from about 30 waterbodies throughout the province.
- The Saskatchewan Invasive Mussel Veliger Monitoring program.⁵ We found sampling to detect veliger increased from 2015 to 2017. Environment and its key partners sampled about 60 waterbodies in 2017, 34 in 2016, and 13 in 2015. Also, we found the location of the veliger samples completed in 2017 appeared to be consistent with the highest risk watersheds (i.e., highest risk for aquatic invasive mussels surviving in Saskatchewan) determined by the federal Department of Fisheries and Oceans.

In 2017-18, 90 waterbodies were sampled for all types of samples including for the presence of adult invasive mussels and mussel veliger. We noted that for 2018-19 another 90 waterbodies are to be sampled.

In addition, the Saskatchewan Conservation Data Centre administers *iMapinvasives* that is open for the public to report if adult invasive mussels are found in a waterbody.⁶

Lack of a documented strategy increases the risk of monitoring mechanisms not being sustained over time, or insufficient sampling being carried out in a systematic manner.

⁴ Saskatchewan Adult Invasive Mussel Monitoring program monitors provincial waters for adult invasive mussels and other aquatic invasive species. Environment, Water Security Agency, SaskPower, SaskWater, various watershed stewardship groups, and the public participate in the program. Information on how to participate can be found at biodiversity.sk.ca/invasives.htm (22 August 2018).

⁵ Saskatchewan Invasive Mussel Veliger Monitoring program monitors veliger, which is the larva for the mussels. Environment, Water Security Agency, SaskPower, SaskWater, various watershed stewardship groups, and the public participate in the program.

⁶ *iMapinvasives* is a geographic information system-based invasive species mapping and data management IT tool. The Saskatchewan Conservation Data Centre is a part of the Ministry of Environment's Fish, Wildlife, and Lands branch.

Using a formalized, documented strategy helps determine what types of monitoring to undertake, how much sampling to do, and where (e.g., which bodies of water are high-risk areas). Insufficient sampling increases the risk that aquatic invasive species entering Saskatchewan will go undetected, and not be addressed before becoming established.

3.3 Rapid Response Plan Required

We recommended that the Ministry of Environment complete and test a formal rapid response plan to mitigate the spread of aquatic invasive species in Saskatchewan waters. (2016 Report – Volume 1; Public Accounts Committee agreement September 15, 2016)

Status – Not Implemented

As of June 2018, Environment was drafting a response plan to address the immediate threat of aquatic invasive species in the province.

One of the planned actions in Environment’s near-final Aquatic Invasive Species Strategy is to develop and implement a risk-based aquatic invasive species early detection and rapid response plan to control or eradicate aquatic invasive species establishment. The Strategy expects such a plan would outline roles and responsibilities of all agencies involved, and research options for control and eradication of high-risk aquatic invasive species.

A good rapid response plan would aid management in responding to the detection of aquatic invasive species in a formal and timely manner (i.e., before species become established). A good response plan can minimize the impact of, and spread of aquatic invasive species. Once completed, the plan should be tested.

3.4 Evaluation of Education and Awareness Activities Needed

We recommended that the Ministry of Environment measure the effectiveness of its aquatic invasive species public education and awareness campaign regularly. (2016 Report – Volume 1; Public Accounts Committee agreement September 15, 2016)

Status – Partially Implemented

Since our 2016 audit, Environment developed reasonable measures for assessing the effectiveness of its aquatic invasive species education and awareness campaign, but, as of June 2018, had not used them to assess effectiveness. Rather it was in the process of collecting relevant data to enable assessing the success of its campaigns.

Environment established an aquatic invasive species Communications Strategy for 2017 and 2018. The strategy outlines how to evaluate the success of the Communications Strategy (measures), the intended audience of the strategy, key messages Environment plans to communicate each year, methods of media to communicate those key messages, and the annual budget (e.g., about \$170,000 for 2017-18).



Environment's measures to evaluate the success of its campaign included:

- Comparing aquatic invasive species media calls and media coverage in the current year to past years
- Tracking and analyzing the number of high-risk watercraft identified entering the province, and the number of calls and emails to SaskTip related to aquatic invasive species⁷
- Ultimately, identifying whether Saskatchewan waters remain free of aquatic invasive species

We noted that two branches of Environment (i.e., Fish, Wildlife and Lands branch and Communications branch) annually collaborated to develop the Communications Strategy.

As of June 2018, Environment had not yet used measures set out in its Communications Strategy to evaluate the success of its aquatic invasive species education and awareness campaign.

Environment indicated that it planned to collect at least two years of data before it evaluates the success of the campaign. It started collecting relevant data for its measures in 2017, and expects to use 2017 and 2018 data to evaluate the campaign in 2019.

Having adequate processes for measuring results would help Environment evaluate if its education and awareness efforts related to aquatic invasive species are successful, or whether it targeted resources on worthwhile activities.

⁷ Environment encourages the public to report any suspected sightings of aquatic invasive species to its Turn in Poachers (TIP) Line (1-800-667-7561).

Chapter 32

Finance – Public Employees Benefits Agency – Securing Personal Information

1.0 MAIN POINTS

The Ministry of Finance, through its Public Employees Benefits Agency (PEBA), implemented the two outstanding recommendations from our 2016 audit related to its processes to secure personal information.

It made procedures used to secure personal information readily accessible to its staff and implemented a policy requiring periodic update of its non-IT policies used to secure personal information.

2.0 INTRODUCTION

The Ministry of Finance, through its branch called PEBA, operates and administers various government pension and benefit plans for employees of the Government of Saskatchewan and certain employees of municipal governments.¹ At July 2018, PEBA operated and administered 34 such plans.² It serves about 90,000 members and beneficiaries with a staff of about 136 full time equivalent employees at a cost of approximately \$17.6 million annually.³

In its operation and administration of these plans, PEBA must maintain personal information (e.g., medical records, coroner reports, social insurance numbers, marriage certificates, birth certificates, death certificates, and banking information).⁴ It must keep information entrusted to it confidential (secure).

Our *2016 Report – Volume 2*, Chapter 26 concluded that for the 12-month period ended July 31, 2016, PEBA had effective processes to secure pension and benefit plan participants' personal information, except in the areas of our two recommendations.⁵ This chapter describes our follow-up of management's actions on these recommendations.

To conduct this audit engagement, we followed the standards for assurance engagements published in the *CPA Canada Handbook – Assurance* (CSAE 3001). To evaluate PEBA's progress towards meeting our recommendations, we used the relevant criteria from the original audit. PEBA's management agreed with the criteria in the original audit. We reviewed PEBA's related approved policies and procedures, reviewed minutes from meetings of its senior management, and interviewed relevant PEBA staff.

3.0 STATUS OF RECOMMENDATIONS

This section sets out each recommendation including the date on which the Standing Committee on Public Accounts agreed to the recommendation, the status of the

¹ *The Financial Administration Act, 1993*, s. 64(1).

² www.peba.gov.sk.ca/about/PEBA.html. (29 June 2018).

³ Public Employee Benefits Agency Revolving Fund Financial Statements for the year ended March 31, 2018, and employee information provided by PEBA management on June 29, 2018.

⁴ *The Financial Administration Act, 1993*, s. 64 (1).

⁵ Pension and benefit plan participants include all active, inactive and deferred members, pensioners, surviving spouses, and dependents.



recommendation at July 16, 2018, and PEBA's actions up to that date. We found that it implemented both recommendations.

3.1 Procedures to Secure Personal Information Updated and Accessible to Staff

We recommended that the Public Employees Benefits Agency maintain its procedures used to secure personal information in a manner that is readily accessible to its staff (2016 Report – Volume 2; Public Accounts Committee agreement March 7, 2017)

Status – Implemented

PEBA's approved policies and procedures used to secure personal information are readily available to staff on its intranet, and staff are required to annually confirm awareness of PEBA's security policies.

In late October 2016, PEBA updated its privacy policy to provide formal and written guidance to staff about providing participants with physical access to their personal files.⁶ Under its revised policies, PEBA staff must confirm annually, in writing, their awareness of and familiarity with PEBA's privacy policies. This confirmation process reinforces that staff are knowledgeable of the policies and their location.

All staff in our sample confirmed, in writing, their awareness of PEBA's privacy policies as required.

3.2 Security Policies Reviewed Annually

We recommended that the Public Employees Benefits Agency require periodic review and update of its non-IT security policies to keep personal information secure (2016 Report – Volume 2; Public Accounts Committee agreement March 7, 2017)

Status – Implemented

PEBA established a process to annually review its non-IT security policies used to keep personal information of plan participants secure.

On August 31, 2017, PEBA approved a policy requiring the division responsible for the policy to do an annual review of all of its policies (IT and non-IT) for accuracy and completeness. Under the revised policy, PEBA's senior management must approve significant updates or changes to policies.

PEBA maintains a listing of all of its policies along with their effective date, date of last review, and date of next review.

We found that this listing included all IT and non-IT security policies, and PEBA had reviewed, updated, and approved policies as expected.

⁶ Our 2016 audit report noted that this guidance was previously only documented informally in an email from 2010 (2016 Report – Volume 2, p. 149).

Chapter 33

Global Transportation Hub Authority – Acquiring Land from the Private Sector

1.0 MAIN POINTS

By June 2018, the Global Transportation Hub Authority improved its processes to acquire land from the private sector by implementing both recommendations we made in 2016.

The Authority implemented a policy to establish a structured approach when conducting due diligence for deciding whether to buy land and other significant new initiatives. Management prepared business cases to support decisions concerning significant new initiatives, and established processes to review and assess land appraisals when acquiring land from the private sector.

2.0 INTRODUCTION

This chapter describes our follow-up of management's actions on the recommendations we made in 2016.

In 2016, we assessed the Authority's processes to acquire land from the private sector. Our *2016 Special Report: Land Acquisition Processes: The Global Transportation Hub Authority and Ministry of Highways and Infrastructure*, Chapter B concluded that, for the period up to March 31, 2016, the Global Transportation Hub Authority did not have effective processes to acquire land for the purposes of the transportation logistics hub from the private sector at amounts reflecting fair value. We made two recommendations.

To conduct this follow-up audit engagement, we followed the standards for assurance engagements published in the *CPA Canada Handbook – Assurance (CSAE 3001)*. To evaluate the Authority's progress towards meeting our recommendations, we used the relevant criteria from the original audit. The Authority's management agreed with the criteria in the original audit.

To perform this follow-up audit, we discussed actions taken with the Authority's management, reviewed the Significant Initiatives Policy approved by the Board, and examined business cases prepared by management to evaluate new Authority initiatives.

3.0 STATUS OF RECOMMENDATIONS

This section sets out each recommendation including the date on which the Standing Committee on Public Accounts agreed to the recommendation, the status of the recommendation at June 27, 2018, and the Authority's actions up to that date. We found that the Authority implemented both recommendations.



3.1 Board Approved Policy Addressing Business Cases and Assessment of Land Appraisals

We recommended that the Global Transportation Hub Authority require, for its Board’s review and approval, the preparation of business cases for major land acquisitions or significant new initiatives. (2016 Special Report – Chapter B; Public Accounts Committee agreement February 13, 2017)

Status – Implemented

We recommended that the Global Transportation Hub Authority require and keep documentation of review of land appraisal reports it uses when making offers to purchase land. (2016 Special Report – Chapter B; Public Accounts Committee agreement February 13, 2017)

Status – Intent of Recommendation Implemented

In December 2016, the Authority’s Board approved a Significant Initiatives Policy to establish processes for land acquisitions and other significant new initiatives exceeding \$25,000. The Board also approved minor revisions to the Policy in September 2017, and made further revisions in June 2018.

The Policy established a structured approach for management when conducting due diligence, including:

- The preparation of business cases. The Policy sets standard requirements for business cases (e.g., objective, evaluation of options, analysis, recommendation, etc.) and the related approval requirements—up to and including approval from the Board. **Figure 1** summarizes the approval hierarchy set out in the Policy.¹
- The use of a Land Agent Checklist to review and assess land appraisals. The Policy includes this checklist. The Policy appropriately requires the assessment of various aspects of land appraisals, including: scope, methodology, assumptions, highest and best use, reported value, comparable lands, appraisal timing, and any unusual or extraordinary matters of fact relevant to the acquisition.²

Figure 1 – Business Case Approval Hierarchy as at September 2017

Required Approvals	Limits ^A
Chief Executive Officer and Board of Directors	≥ \$500,000
Chief Executive Officer and one of the Vice President, Business Development or Vice President, Finance	≥ \$25,000 < \$500,000

Source: The Authority’s Significant Initiative Policy.

^A The Board approved revisions to the Significant Initiatives Policy in June 2018 establishing authorities to approve business cases as follows: up to \$100,000 for Vice-Presidents, up to \$1 million for the Chief Executive Officer, and over \$1 million for the Board.

¹ During our audit period, none of the business cases prepared by management met the thresholds requiring approval from the Board of Directors.

² Highest and best use is defined as the reasonably probable and legal use of vacant land or an improved property that is physically possible, appropriately supported, financially feasible, and results in the highest value.

As of June 2018, the Authority did not acquire any additional lands from the private sector since our 2016 audit. As such, it did not have an opportunity to utilize its Land Agent Checklist.

Our test of all five business cases for significant initiatives that management prepared since implementation of the Policy in December 2016 found that each addressed the requirements set out in the Policy. In two instances, management did not approve the business cases in accordance with the approval requirements set out in the Policy (i.e., approval from the Chief Executive Officer and one of the Authority's Vice Presidents). In each of these instances, management explained that the Authority had mistakenly adhered to its delegation of authority when approving these business cases, and had only obtained approval from the Vice President of Finance.

To avoid confusion in the future, the Authority's Board approved revisions to the Policy in June 2018, such that the approval requirements set out in the Policy coincide with the approval requirements set out in the organization's delegation of the authority. As of June 2018, the Authority's Vice Presidents can approve business cases up to \$100,000, the Chief Executive Officer can approve business cases up to \$1 million with the Board approving business cases over \$1 million.

4.0 OTHER MATTER – MINISTRY'S USE OF LAND FOR BORROW MATERIAL

At the time of our 2016 audit, the Ministry of Highways and Infrastructure was assessing whether the quality of borrow material on certain land owned by the Authority was appropriate to construct the West Regina Bypass.³ It was not known how much of the material available, if any, the Ministry would use, casting doubt on the Authority's final selling price to the Ministry for the right to use the material.

In March 2018, the Ministry relinquished its right to use this land to obtain borrow material and the Authority agreed to pay \$2.86 million to the Ministry, if and when the Authority sells this land.

³ Section 3.10 of our 2016 *Special Report: Land Acquisition Processes: The Global Transportation Hub Authority and Ministry of Highways and Infrastructure*, Chapter B, described events surrounding an agreement between the Authority and the Ministry signed in March 2014. Under the agreement, the Authority provided the Ministry with the right to use 55 acres of land to obtain borrow material for construction of the West Regina Bypass. The Ministry paid \$2.86 million to the Authority for the right to use this land.

Chapter 34

Gradworks Inc. – Achieving Intern Development Program Goals

1.0 MAIN POINTS

Gradworks Inc., a non-profit corporation established by the Crown Investments Corporation of Saskatchewan (CIC), was responsible for the Gradworks Intern Development Program. The Intern Program provided recent post-secondary graduates with employment experiences through paid internships with CIC, CIC Crown corporations, and their subsidiaries. CIC discontinued the Gradworks Intern Development Program in 2017, and formally dissolved Gradworks Inc. on March 31, 2018.

In 2015, we audited Gradworks' processes to achieve the Intern Program goals. We concluded it had effective processes except for the areas of our four recommendations as described in **Figure 1**.

Due to CIC discontinuing the Intern Program and dissolving Gradworks Inc., we determined that the recommendations described in **Figure 1** are no longer relevant.

Figure 1 – Prior Recommendations Related to Gradworks Inc. as Reported in Our 2016 Report – Volume 1, Chapter 9

Past Recommendation (Initial PAS Report, Date of Agreement of CCAC) ^A	Current Status
We recommended that Gradworks Inc. communicate, in writing, to partner employers its expectations related to achievement of diversity targets for the Gradworks Intern Development Program. (2016 Report – Volume 1; Crown and Central Agencies Committee agreement December 1, 2016)	No Longer Relevant (as of March 31, 2018)
We recommended that Gradworks Inc. verify the educational eligibility criteria of applicants for its Gradworks Intern Development Program prior to the internship start date. (2016 Report – Volume 1; Crown and Central Agencies Committee agreement December 1, 2016)	
We recommended that Gradworks Inc., at least annually, publish information on key actual results compared to planned (i.e., targets) for the Gradworks Intern Development Program. (2016 Report – Volume 1; Crown and Central Agencies Committee agreement December 1, 2016)	
We recommended that Gradworks Inc., at least annually, provide partner employers with information on key performance measures, targets, and actual results for the Gradworks Intern Development Program. (2016 Report – Volume 1; Crown and Central Agencies Committee agreement December 1, 2016)	

^APAS = Provincial Auditor of Saskatchewan

CCAC = Standing Committee on Crown and Central Agencies

Chapter 35

Highways and Infrastructure – Acquiring Land for the Regina Bypass

1.0 MAIN POINTS

From time to time, the Ministry of Highways and Infrastructure acquires land for the construction of public improvement projects as part of its responsibility for highways, public improvements, transportation, and transportation systems.^{1, 2}

By August 2018, the Ministry of Highways and Infrastructure improved its processes to acquire land for public improvement projects by implementing all eight recommendations we made in 2016.

The Ministry acquired all land necessary for the Regina Bypass by January 1, 2017. For this audit work, we examined land acquisitions after January 1, 2017, made for other public improvement projects.

The Ministry adjusted its planning processes to determine planned routes for projects in a timelier manner, enabling it to identify land requirements earlier during the projects. We found the Ministry used a land protection technique to protect land it required for projects from being developed. The Ministry also developed a model to assist in determining the appropriate time for the Ministry to acquire land, including the consideration of changes to future land values.

In addition, Ministry staff responsible for acquiring land periodically documented conflicts of interest. The Ministry clearly documented its review of appraisal reports used to acquire land. It consistently followed its policy of paying permanent damages for partial takings of agricultural land, and kept sufficient supporting documentation for amounts paid. Also, it followed its delegation of authority for reviewing draft land purchase offers, and executing land purchase agreements.

Furthermore, the Ministry gave landowners additional information to help them understand their property rights and how it determines compensation when acquiring land.

2.0 INTRODUCTION

2.1 Background

Under *The Highways and Transportation Act, 1997*, the Ministry is responsible for all matters not by law assigned to any other minister, department, branch, or agency of the Government of Saskatchewan relating to highways, public improvements, transportation, and transportation systems. This includes acquiring or expropriating any land required for public improvement projects such as the Regina Bypass.

¹ *The Highways and Transportation Act, 1997*, s. 3.

² Public improvements include public highways, ditches, and land required for securing material in connection with road works (e.g., land used to obtain dirt for road construction).



The Ministry uses public money to acquire land needed to fulfill its mandate. As such, it must balance the needs of the taxpayer through financially responsible management of public resources while providing landowners with amounts reflecting fair value for the land being acquired.

Between January 1, 2017 and June 15, 2018, the Ministry made 53 land acquisitions for public improvement projects totalling just over \$1.1 million.³ None of these land acquisitions related to the Regina Bypass as the Ministry acquired all land necessary for the Regina Bypass prior to January 1, 2017.

2.2 Focus of Follow-up

This chapter describes the results of our first follow-up of the Ministry's actions to implement the eight recommendations we made in our *2016 Special Report: Land Acquisition Processes: Global Transportation Hub Authority and the Ministry of Highways and Infrastructure*, Chapter C. In 2016, we concluded that the Ministry of Highways and Infrastructure had, other than the matters reflected in those eight recommendations, effective processes to acquire land for the Regina Bypass in a fair manner at amounts reflecting fair value.

To conduct this audit engagement, we followed the standards for assurance engagements published in the *CPA Canada Handbook – Assurance (CSAE 3001)*. To evaluate the Ministry's progress towards meeting our recommendations, we used the relevant criteria from the original audit. The Ministry agreed with the criteria in the original audit.

In this follow-up audit, we interviewed Ministry officials responsible for acquiring land for public improvement projects, and reviewed key documents used in its land acquisition process (e.g., Land Standards and Guidelines). In addition, we tested a sample of land acquisitions for public improvement projects to assess whether the Ministry followed its land acquisition policies during our audit period.

3.0 STATUS OF RECOMMENDATIONS

This section sets out each recommendation including the date on which the Standing Committee on Public Accounts agreed to the recommendation, the status of the recommendation at August 31, 2018, and the Ministry's actions up to that date. We found that the Ministry had implemented all eight recommendations.

3.1 Alternative Approaches Now Used to Protect Land for Major Public Improvement Projects

We recommended that the Ministry of Highways and Infrastructure explore alternate approaches to optimize the timing of land acquisitions for major public improvement projects. (2016 Special Report – Chapter C; Public Accounts Committee agreement February 13, 2017)

Status – Implemented

³ Ministry of Highways and Infrastructure records.

Since 2016 (the timing of our initial audit), the Ministry adjusted its planning processes to finalize routes of major public improvement projects in a more timely manner. The adjusted processes allow the Ministry to consider acquiring land required for projects earlier.

Also, since 2016, the Ministry used a land protection technique (e.g., registering provincial interests) to protect land it expected to require for future projects. Lastly, the Ministry designed a model to help determine the optimal time to acquire land.

Revised Planning Process to Finalize Routes

In 2018, the Ministry started requiring staff to finalize the route location for major public improvement projects sooner than previously. For major projects, it will result in staff making this decision considerably sooner than previously.

The Ministry completes its process to plan for new major public improvement projects through three phases: a general location study, functional design study, and detailed design study. See **Figure 1** for a description of each phase.

Before it can consider acquiring land for a project, the Ministry must determine the final route location. Historically, the Ministry often waited to finalize the routes by completing the functional design study many years after the general location study. For example, for the Regina Bypass, the Ministry completed various planning studies over an 18-year period (1996 to 2014).⁴

Figure 1—Description of Three Planning Phases of Major Public Improvement Projects

1. **General location study:** The general location study incorporates public consultation and includes the Ministry's development of a broad plan for the location of the new infrastructure. This process involves the Ministry identifying an area of land, approximately 500 metres wide, for the planned location of the final route. This broad area is approximately five times greater than the requirement for a double-lane highway, providing the Ministry with flexibility when it finalizes the route.
2. **Functional design study:** During the functional design stage, the Ministry narrows down the location of the final route within the broad area identified in the general location study. It is in this stage where the Ministry also plans for other considerations such as access to the new route (e.g., intersections), whether service roads will be required, environmental requirements, and expected impact on existing utility infrastructure, etc.
3. **Detailed design study:** The detailed design study defines the exact location of the final route including survey plans and develops the design of the infrastructure (e.g., roads, bridges).

Source: Ministry of Highways and Infrastructure records

In 2018, the Ministry updated its functional planning policy to require completion of the functional design study directly following the general location study. This allows the Ministry to finalize the final route much earlier than before, thereby enabling it to consider acquiring land much earlier.

We observed that the Ministry planned to complete functional design directly following the general location study for projects it was working on in 2018, including the Saskatoon Freeway.⁵ The Ministry approved the Saskatoon Freeway general location study in February 2018. We observed documentation that the Ministry was working to initiate the

⁴ www.saskatchewan.ca/residents/transportation/regina-bypass/regina-bypass-project (11 September 2018).

⁵ www.saskatchewan.ca/government/public-consultations/past-consultations/saskatoon-freeway-consultation/about-the-saskatoon-freeway-project (20 April 2018).



functional design phase in January 2018, by planning to hire a consultant to complete this work.

Having processes that facilitate earlier decisions about land needed and the location of that land reduces the Ministry's risk of exposure to escalating land prices between the route planning and construction stages, which, for some projects, may be years after planning is completed.

Ministry Used Land Protection Technique to Protect Land for the Saskatoon Freeway

Starting in 2018, the Ministry uses a land protection technique to protect land identified as being necessary in a general location study for major projects requiring significant land acquisitions. For these types of projects, the Ministry uses this technique after it completes the general location study.

Since the Regina Bypass, the Saskatoon Freeway is the Ministry's only project requiring a significant acquisition of land.

We found that the Ministry worked with the Ministry of Government Relations and related municipalities to protect the land it expected to need for construction of the Saskatoon Freeway. In March 2018, the Ministry declared provincial interests on this land by requesting Government Relations and the related municipalities protect the future development of the land identified in its February 2018 general location study.

We observed the Ministry received written support from Government Relations and the municipalities involved for protecting the land identified by the Ministry. Further, we found that the municipalities added the expected route location for the Saskatoon Freeway into their official community plans and planning maps.⁶ This helps the municipalities consider the expected route when making future planning decisions (e.g., annexing land, issuing building permits).

As described in **Figure 2**, registering a provincial interest is a technique to keep the land in an undeveloped or minimally developed state. *The Planning and Development Act* provides the authority for registering provincial interests. This could potentially protect land from development that may be needed for future highway projects. Developed land has higher value.

Figure 2—Registering Provincial Interests

Under *The Planning and Development Act*, Saskatchewan municipalities must submit their official community plans to the Ministry of Government Relations.

The Ministry of Government Relations consults with the Ministry on the official community plans and determines whether potential issues that could influence the Ministry's highway plans exist.

If so, the Ministry of Government Relations works with municipalities to develop joint solutions, such as protecting land the Ministry needs from future development through a municipal bylaw amendment.

The Ministry shares its highway plans with the Ministry of Government Relations for its information and consideration.

Source: 2016 Special Report: Land Acquisition Processes, Chapter C.

⁶ www.saskatoon.ca/sites/default/files/documents/community-services/planning-development/mapping/wall-maps/projected_growth_concept_plan.pdf, and www.rm.cormanpark.ca/DocumentCenter/View/1357/General-RM-344-Map (28 August 2018).

Using land protection techniques such as registering provincial interests helps the Ministry acquire land for public improvement projects in a fiscally responsible manner.

Ministry Expects to Use New Model to Assess When to Acquire Land

In December 2016, the Ministry approved the use of a new model for deciding when to purchase land after completion of the functional design stage. We found this model to be reasonable.

While the Ministry had not yet used this model as of September 2018, it expects to use the model for new major public improvement projects, including the Saskatoon Freeway.

Ministry staff expect to use the information within the model to determine the risk of the project. When using the model, staff are to consider the stage of a project (e.g., general location study, functional design) and where the project ranks as compared to the Ministry's various other projects (e.g., whether it appears on the Ministry's five-year capital plan). For projects the Ministry determines to be high risk, it expects to delay its acquisition of land and reconsider the decision in the future.

The model also requires the Ministry to consider changes to future land values. Through the consideration of expected future land values and other economic factors (e.g., cost to keep the land until constructed, interest rates) the model estimates the most beneficial point in time for the Ministry to acquire land (i.e., economic benefits estimated to be greater than estimated costs).

3.2 Conflict of Interest Processes in Place and Followed

We recommended that the Ministry of Highways and Infrastructure require staff responsible for acquiring land for public improvement projects to periodically document conflict of interest. (2016 Special Report – Chapter C; Public Accounts Committee agreement February 13, 2017)

Status – Implemented

Ministry staff responsible for acquiring land consistently considered and documented potential conflicts of interest.

Since 2016, the Ministry requires all employees to document potential conflicts of interest on an annual basis. This includes staff responsible for acquiring land for public improvement projects.

For 10 land acquisitions files we tested, each documented conflict of interest declarations for all employees involved in these acquisitions. Where employees declared potential conflicts of interest, we found the Deputy Minister approved the remedial actions to address the identified potential conflicts. We found the remedial actions sufficient to mitigate the identified conflict.



3.3 Documented Review of Appraisal Reports Completed

We recommended that the Ministry of Highways and Infrastructure require staff to clearly document the results of review of appraisal reports used to acquire land for public improvement projects. (2016 Special Report – Chapter C; Public Accounts Committee agreement February 13, 2017)

Status – Implemented

The Ministry required employees to document their review of appraisal reports used to determine land values when acquiring land for public improvement projects.

In November 2016, the Ministry issued a technical bulletin requiring employees to complete a checklist when reviewing appraisal reports.⁷ This appraisal review checklist requires employees to assess various aspects of appraisal reports, including: scope, methodology, assumptions, highest and best use, reported value, comparable lands, appraisal timing, and other matters of fact relevant to the land acquisition.⁸

For each of the seven land acquisitions following the Ministry's implementation of the checklist that we tested, the Ministry used the checklist to document its review of appraisal reports for each of these acquisitions.

3.4 Compensation In Accordance with Policies

We recommended that the Ministry of Highways and Infrastructure clarify its policy for paying permanent damages for partial takings of agricultural land to landowners for public improvement projects. (2016 Special Report – Chapter C; Public Accounts Committee agreement February 13, 2017)

Status – Implemented

We recommended that the Ministry of Highways and Infrastructure follow written approved policies in effect related to determining compensation associated with land acquisitions for public improvement projects and keep related supporting documents. (2016 Special Report – Chapter C; Public Accounts Committee agreement February 13, 2017)

Status – Implemented

When acquiring land, the Ministry consistently followed its policies for determining compensation and paying landowners for permanent damages relating to partial takings of agricultural land.

⁷ From time to time, the Ministry issues technical bulletins to help it acquire land in a manner consistent with its legislation and case law.

⁸ Highest and best use is defined as the reasonably probable and legal use of vacant land or an improved property that is physically possible, appropriately supported, financially feasible, and results in the highest value.

Following our 2016 audit, the Ministry reviewed its policy relating to permanent damages for partial takings of agricultural land.⁹ The 2016 audit had identified inconsistent application of its compensation policies—see **Figure 3** for summary of our 2016 audit findings. The Ministry determined that its policy remained appropriate. To have it applied consistently, it re-enforced the appropriate application of the existing policy with staff. For example, it did this through closer supervision including a new process to review draft property purchase offers as discussed in **Section 3.5**, and through discussions with staff in September 2016.

For each of the 10 land acquisition files we tested, the Ministry followed its approved policies for determining compensation for land acquisitions. This included the consistent application of a 15% premium on the purchase price for 8 of the acquisitions we tested. Also for these files, the Ministry kept sufficient and appropriate supporting documentation to support the purchase price paid for land acquisitions.

In December 2016, the Ministry eliminated its policy giving its staff authority to make payments above market value determined by appraisals in unique situations—called discretionary spending. Discretionary spending was rare. Consistent with this change, we found that none of the Ministry's 53 land acquisitions between January 1, 2017 and June 15, 2018, included payments for discretionary spending.

Figure 3—Summary of 2016 Audit Findings Related to Paying Permanent Damages for Partial Takings of Agricultural Land

For two land acquisition files we tested with purchase offers made before August 2015, the Ministry applied the 15% premium inconsistently. It paid the 15% premium to an ineligible landowner, and did not pay the 15% premium to an eligible landowner. In August 2015, the Ministry set its interpretation of the eligibility criteria for payment of the 15% premium in a technical bulletin. The bulletin established the Ministry was to pay the premium where land involved in the partial taking was zoned as agricultural at the time of purchase, and did not have a highest and best use higher than agriculture.

Source: 2016 Special Report: Land Acquisition Processes, Chapter C.

3.5 Delegated Signing Authority Consistently Followed

We recommended that the Ministry of Highways and Infrastructure provide for an internal review of compensation performed by a second person other than the preparer associated with land acquisitions for public improvement projects prior to making offers to landowners. (2016

Special Report – Chapter C; Public Accounts Committee agreement February 13, 2017)

Status – Implemented

We recommended that the Ministry of Highways and Infrastructure follow its delegated signing authority when acquiring land for public improvement projects. (2016 Special Report – Chapter C; Public Accounts Committee

agreement February 13, 2017)

Status – Implemented

⁹ The Ministry's policy for agricultural land is to pay a premium (permanent damage) in recognition of the disruption caused by a partial taking of agricultural land (i.e., resulting in increased fixed costs of agricultural operations). Per the policy, the premium in excess of appraised value is 15% for agricultural land.



The Ministry’s delegated signing authority policy for acquiring land for public improvement projects includes requiring an independent internal review of compensation before making offers to landowners.

As described in **Figure 4**, the Ministry’s delegated signing authority establishes approval limits based on dollar value for authorizing both the independent internal review of draft property purchase offers and for executing property purchases (i.e., executing agreements to purchase property from landowners).¹⁰ It requires a second person other than the preparer associated with land acquisitions for public improvement projects to review the compensation calculation prior to it granting approval to make an offer to a landowner.

Figure 4—Ministry of Highways and Infrastructure Delegation of Signing Authority for Authorizing Review of Draft Property Purchase Offers and Executing Property Purchase Agreements

Position	Maximum amount of dollar value of Purchase Agreement/Offer
Deputy Minister	Greater than \$1,000,000
Assistant Deputy Minister, Design and Construction	Less than or equal to \$1,000,000
Executive Director, Regional	Less than or equal to \$500,000
Director, Traffic Engineering and Development	Less than or equal to \$250,000
Manager, Land and Property	Less than or equal to \$50,000

Source: Ministry of Highways and Infrastructure Signing Authority Delegations 2016-17.

For all 10 land acquisitions we tested, the Ministry followed its delegated signing authority when acquiring land for public improvement projects and completed an independent internal review of compensation before making offers to landowners as expected.

3.6 Information on Landowner Property Rights and Compensation Determination Now Publicly Accessible

We recommended that the Ministry of Highways and Infrastructure publish information to help landowners understand their property rights and how it determines due compensation for land for public improvement projects. (2016 Special Report – Chapter C; Public Accounts Committee agreement February 13, 2017)

Status – Implemented

In February 2017, the Ministry published additional information on its website to help landowners understand their property rights and how the province determines compensation for land.¹¹

¹⁰ Delegated signing authority is an official record of signing authorities (e.g., approval limits) delegated to Ministry staff.

¹¹ www.saskatchewan.ca/business/transportation-and-road-construction/buying-land-for-highway-construction (12 July 2018).

We found the information published by the Ministry sufficient and consistent with information published by other Canadian jurisdictions (e.g., Manitoba Crown Lands and Property Agency), including information about:¹²

- The Ministry's process to acquire land, including the Ministry's consultation with landowners
- The Ministry's use of independent appraisals to determine the market value of land¹³
- Other eligible types of compensation, known as damages, determined using various accepted industry standards
- The expropriation process
- Landowners' entitlement to assistance from other professionals during the land acquisition process—they may seek advice from lawyers, appraisers, and other consultants
- Contact information for Ministry staff responsible for acquiring land, as well as for the court and Public and Private Rights Board to which landowners can raise concerns¹⁴

¹² <https://clpamb.ca/acquisitions/YourRights.aspx> (8 August 2018).

¹³ For example the fair market value of land is determined as of the date of acquisition. Potential future increases in value are not considered. Also, existing buildings on the land are valued separately at depreciated value, not replacement cost.

¹⁴ The Public and Private Rights Board conducts mediation for disputes between landowners and expropriating authorities (like the Ministry) when parties cannot agree on the route, situation or design of a public improvement or fair compensation for the required land or easement. The Board consist of one member appointed by the Lieutenant Governor in Council on the recommendation of the Legislative Assembly for the term of five years. www.saskatchewan.ca/government-structure/boards-commissions-and-agencies/public-and-private-rights-board (4 October 2018).

Chapter 36

Justice and Attorney General – Enforcing Maintenance Payments

1.0 MAIN POINTS

Under *The Enforcement of Maintenance Orders Act, 1997*, the Ministry of Justice and Attorney General is responsible for enforcing court-ordered agreed-upon payments for child or spousal support.

By August 2018, the Ministry made progress towards implementing the two remaining recommendations we made in our 2012 audit of this area. The Ministry developed reports to help it better monitor maintenance payers defaulting on support payments. In addition, these reports can be useful in identifying those payers for which the Ministry may have inaccurate or outdated information.

However, the Ministry staff was not always reviewing these reports. Not consistently reviewing reports increases the risk of the Ministry not taking appropriate enforcement actions, and not determining whether it has accurate and up-to-date information for maintenance payers.

2.0 INTRODUCTION

Single parents raising children on low or moderate incomes depend on the timely receipt of maintenance payments.

The Ministry is required to provide a fair justice system that upholds the law and protects the rights of all individuals in Saskatchewan.¹ This includes administering the maintenance enforcement program in the province. The maintenance enforcement program involves monitoring and collecting support payments ordered by the court or agreed to by the two parties, and paying them to appropriate recipients (e.g., specified parents or guardians). If necessary, the Ministry also enforces the payments under court orders or agreements for maintenance.²

The Ministry's Maintenance Enforcement Office, established in 1986, has about 42 employees of which 18 are enforcement officers. Each year, the Ministry collects payments from about 9,300 payers and pays recipients approximately \$45 million in support payments.

This chapter describes our third follow-up of the Ministry's actions on recommendations we first made in 2012. In our *2012 Report – Volume 1*, Chapter 10, we identified areas where the Ministry could improve its processes to enforce maintenance payments. We made five recommendations. In our two subsequent follow-ups of the Ministry's actions

¹ Ministry of Justice and Attorney General, *Annual Report for 2017-18*, p. 5.

² The Ministry, at the recipient's or payer's request, registers spousal and/or child support court orders and agreements, records and monitors payments, and takes enforcement action when the required payments are missed or late. www.saskatchewan.ca/residents/family-and-social-support/child-support/paying-and-receiving-child-support (28 August 2018).



on these recommendations, we found the Ministry had implemented three of the five recommendations by September 30, 2016.

To conduct this audit engagement, we followed the standards for assurance engagements published in the *CPA Canada Handbook – Assurance* (CSAE 3001). To evaluate the Ministry's progress towards meeting our recommendations, we used the relevant criteria from the original audit. The Ministry's management agreed with the criteria in the original audit.

In this follow-up audit, we interviewed staff responsible for the enforcement of maintenance payments. To test key aspects of the maintenance enforcement processes, we examined a sample of client files for evidence of periodic review by maintenance enforcement officers, and reviewed reports the Ministry used to monitor outstanding maintenance payments.

3.0 STATUS OF RECOMMENDATIONS

This section sets out each recommendation including the date on which the Standing Committee on Public Accounts agreed to the recommendation, the status of the recommendation at August 28, 2018, and the Ministry's actions up to that date. We found that the Ministry partially implemented both remaining recommendations.

3.1 Monitoring Reports Inconsistently Reviewed

We recommended that the Ministry of Justice and Attorney General periodically review reports that show who owes outstanding maintenance support payments, how much is owed, and how long amounts have been outstanding. (2012 Report – Volume 1; Public Accounts Committee agreement December 9, 2013)

Status – Partially Implemented

We recommended that the Ministry of Justice and Attorney General keep accurate and up-to-date information for its maintenance enforcement clients. (2012 Report – Volume 1; Public Accounts Committee agreement December 9, 2013)

Status – Partially Implemented

Since 2016, the Ministry developed system reports enabling management to monitor maintenance payers defaulting on their support payments, but maintenance enforcement officers did not consistently document their review of these reports.

The Ministry's Maintenance Enforcement Office uses two key reports to monitor outstanding maintenance support payments: the Default List, and the Support Payment Compliance Report.

- The Default List identifies maintenance payers defaulting on their support payments. The information in this report is also useful in identifying those payers for which the Ministry may have inaccurate or outdated information. The Ministry expects

enforcement officers to review the Default List, along with their client files, every two months and leave evidence of review in the system (i.e., by changing the status).

- The Support Payment Compliance Report details the total expected support payments, the total actual payments, and the collection rate for each enforcement officer for a specific period (i.e., for a month). Management uses this report to monitor collection rates and identify case files requiring further investigation with enforcement officers.

Our review of 38 client files found five instances where the enforcement officers did not leave evidence of their periodic review of the Default List and related client files. In these instances, the length of time between maintenance officers' documented review of the case files ranged from 4 months to 14 months.

We found that management regularly reviewed the Support Payment Compliance Report.

Management communicated with maintenance enforcement officers in August 2018 to clarify the importance of updating the action status for their case files. The Ministry plans to develop a report to help management monitor whether maintenance officers consistently review the default lists and client files.

Not reviewing the default list and client files increases the risk of the Ministry not taking appropriate enforcement actions and not determining whether it has accurate and up-to-date information for maintenance payers.

Chapter 37

Regina Roman Catholic Separate School Division No. 81 – English as an Additional Language Programming

1.0 MAIN POINTS

By May 2018, the Regina Roman Catholic Separate School Division No. 81 had implemented one of the three recommendations made in our 2016 audit of its processes to provide English as an Additional Language (EAL) programming. Regina Catholic had rationalized the number of Kindergarten to Grade 8 EAL teachers required for its EAL program.

In addition, Regina Catholic partially implemented another recommendation and made no progress on another one due to technology limitations. While Regina Catholic provided its Board of Education with better reports about its EAL programming, it continues to need to periodically analyze the results of the EAL program and provide its Board with periodic reports on the success of the EAL program.

Without the ability to track students' English-language proficiency progress, the Division cannot assess the overall success of the EAL program and make adjustments as needed.

To succeed in school, EAL students need support in adapting to a Canadian curriculum, school environment, and culture. Supports help students learn and graduate on time.

2.0 INTRODUCTION

This chapter describes our follow-up of management's actions on the recommendations we made in 2016.

Our *2016 Report – Volume 2*, Chapter 29 concluded that Regina Roman Catholic Separate School Division No. 81 had, except in the areas of our four recommendations, effective processes to provide English as an Additional Language programming to support the academic success of immigrant Kindergarten to Grade 8 students.¹

To conduct this audit engagement, we followed the standards for assurance engagements published in the *CPA Canada Handbook – Assurance* (CSAE 3001). To evaluate Regina Catholic's progress towards meeting our recommendations, we used the relevant criteria from the original audit. Regina Catholic's management agreed with the criteria in the original audit.

To perform our follow-up audit on our recommendations, we discussed actions taken with Division management, and reviewed Regina Catholic's guidance and documentation related to EAL programming. In addition, we tested a sample of the Division's student enrolment projections, EAL student enrolment data comparisons, and reviewed board minutes.

¹ The original report regarding these recommendations can be found at <https://auditor.sk.ca/publications/public-reports/>. We reported the original audit work in *2016 Report – Volume 2* (Chapter 29, pp. 189 - 204).

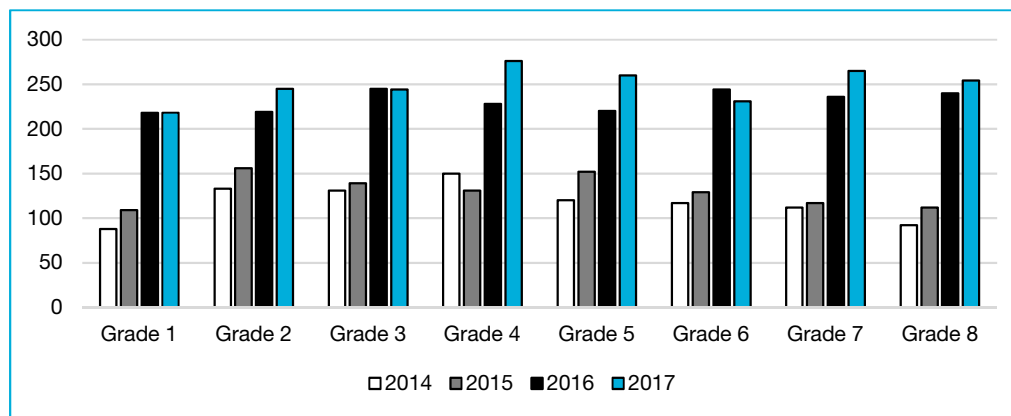


2.1 Demand for EAL Programming in Regina Catholic Significant

Regina Catholic operates 31 schools located in Regina. It is responsible for educating about 11,500 students including about 3,350 EAL students.² Regina Catholic employs over 640 full-time equivalent teachers including 12.5 EAL teaching positions at June 2018.³ At the end of the 2017-18 school year, 73% of the Division's EAL students were in Pre-Kindergarten to Grade 8.⁴

From 2014 to 2017, enrolment in Regina Catholic's EAL programming had increased by 111% with significant increases among all grade levels.

Figure 1 – Number of Regina Catholic Grade 1 to 8 Students Registered in EAL Programming^A



Source: Ministry of Education – Student Data System as of September 30, 2017.

^A Total Grades 1 to 8 Regina Catholic students registered in EAL programming during 2014-2018 were as follows: 2014: 943; 2015: 1,045; 2016: 1,850; 2017: 1,993.

Regina Catholic offers EAL programs at each of its 25 elementary schools. Providing EAL programs at each elementary school enables students to learn English and the curriculum at their neighbourhood school and in their local community.⁵

In 2017-18, Regina Catholic spent about \$1.2 million on EAL instruction and support staff and \$54 thousand on other EAL resources (e.g., classroom materials, software, professional development) (2016-17: \$1.0 million on EAL instruction and support staff and \$62 thousand on other EAL resources).⁶

English-language proficiency of immigrants, refugees, and their families is a key factor in not only attaining Saskatchewan educational goals but in enabling immigrants, refugees, and their families to contribute positively to Saskatchewan.⁷ Students new to Canada may struggle with language barriers that can hinder their academic success. Future educational and employment opportunities of students who leave school before graduating from Grade 12 are limited.⁸

² Regina Roman Catholic Separate School Division No. 81, *Annual Report 2016-17*, pp. 3-4, and adapted from information provided by Regina Roman Catholic Separate School Division No. 81.

³ Adapted from information provided by Regina Roman Catholic Separate School Division No. 81.

⁴ Regina Roman Catholic Separate School Division No. 81, *EAL/Immigration PreK - 12 Student Enrolment Data Comparison 2017-2018* for June 2018.

⁵ Regina Roman Catholic Separate School Division No. 81, *English as an Additional Language Brochure*.

⁶ Adapted from information provided by Regina Roman Catholic Separate School Division No. 81.

⁷ *The Ministry of Education Action Plan – English as an Additional Language and Immigration*, (2011), p. 3.

⁸ www.centerforpubliceducation.org/research/keeping-kids-school-glance (26 July 2018).

3.0 STATUS OF RECOMMENDATIONS

This section sets out each recommendation including the date on which the Standing Committee on Public Accounts agreed to the recommendation, the status of the recommendation at May 31, 2018, and Regina Catholic's actions up to that date. We found that Regina Catholic implemented one recommendation, partially implemented one recommendation, and made no progress on one recommendation. In addition, we found one recommendation was no longer relevant.

3.1 Division Forecasting for EAL Programming

We recommended that Regina Roman Catholic Separate School Division No. 81 annually reassess its estimate for Kindergarten to Grade 8 English as an Additional Language student enrolment. (2016 Report – Volume 2; Public

Accounts Committee agreement September 21, 2017)

Status – No Longer Relevant

We determined that the above recommendation was no longer relevant for the following reasons.

Regina Catholic re-evaluated the approximate number of new EAL students it expects to enrol each year. Since our 2016 audit, Regina Catholic increased its forecast of new EAL students per school year to between 350 and 400 students from its previous range of between 300 and 350 students. However, the Division does not plan to annually reassess estimated number of EAL students because it does not use this forecast when rationalizing EAL teaching resources. Instead, it allocates EAL staff at the beginning of a school year, and then reallocates them, as needed, using a reactive approach based on the identified need and the available resources.

As shown in **Figure 2**, actual increases in enrolment of EAL students in the last two years (since our 2016 audit) fluctuated from 389 students in 2016-17 to 370 students in 2017-18.

Consistent with our 2016 audit, Regina Catholic uses an external consultant to forecast total student enrolment for each school within the Division. The external consultant does not forecast enrolment for EAL students separately.

Figure 2—Regina Catholic's Kindergarten to Grade 12 EAL Student Enrolment Estimate and Actuals

School Year	EAL Enrolment Increase Estimate (K-12)	Actual EAL Enrolment Increase (K-12)	Difference ^A	% Difference
2012-13	300-350	486	136	38.9%
2013-14	300-350	477	127	36.3%
2014-15	300-350	382	32	9.1%
2015-16	300-350	305	-	-
2016-17	350-400	389	-	-
2017-18	350-400	370	-	-

Source: Adapted from information provided by Regina Catholic. The Division does not separately forecast EAL enrolment for Kindergarten to Grade 8.

^A Difference between actual increase and top or bottom of the range of estimated increase.



3.2 EAL Teaching Resources Rationalized

We recommended that Regina Roman Catholic Separate School Division No. 81 rationalize the number of Kindergarten to Grade 8 EAL teachers required for its English as an Additional Language program. (2016 Report – Volume 2; Public Accounts Committee agreement September 21, 2017)

Status – Implemented

On a monthly basis, Regina Catholic rationalizes, in writing, the number of EAL staff required when staff document their assessment for additional support positions.⁹

In addition, the Division reviews monthly reports to determine whether it provides sufficient EAL support. The monthly reports show the total actual number of EAL/immigrant students at each school, as well as the number of students exceeding English-language proficiency level B1.2, requiring direct EAL support, and receiving direct support.¹⁰ Regina Catholic allocates support staff using a reactive approach based on the identified need and the available resources.

3.3 Further Analysis of EAL Program Results Needed

We recommended that Regina Roman Catholic Separate School Division No. 81 periodically analyze the results of the Kindergarten to Grade 8 English as an Additional Language program. (2016 Report – Volume 2; Public Accounts Committee agreement September 21, 2017)

Status – Not Implemented

Regina Catholic has not analyzed whether its EAL program is successful.

Since our 2016 audit, the Division attempted to track more student EAL data. But management found the cost of manually compiling EAL student progress data outweighed the benefit of analyzing progress of EAL students on an overall basis. Management indicated that the IT system Regina Catholic uses to track student performance does not have a functionality to compile or report data. Management noted that the Division expects to start analyzing progress of EAL students on an overall basis when a new student data system becomes available for use in the fall of 2019.

Consistent with the results of our 2016 audit, the Division's EAL teachers continue to assess the progress of EAL students on a daily basis. Also as described in **Section 3.2**, the Division assesses EAL enrolment at each school to rationalize the number of EAL staff.

Without the ability to track students' English-language proficiency progress, the Division cannot assess the overall success of its EAL program (e.g., percentage of students progressing, struggling, or achieving English-language proficiency level B1.2, or graduation rates of EAL students).

⁹ Regina Catholic allocates EAL staff based on the total number of students requiring direct EAL support and the students' level of English proficiency. EAL staff include classroom teachers and other support staff such as EAL teachers, counsellors, and speech language pathologists.

¹⁰ At English-language proficiency level B1.2, a student can describe experiences and give explanations for opinions.

We recommended that Regina Roman Catholic Separate School Division No. 81 provide its Board of Education with periodic reports on the success of the Kindergarten to Grade 8 English as an Additional Language program. (2016 Report – Volume 2; Public Accounts Committee agreement September 21, 2017)

Status – Partially implemented

Since, as of May 2018, the Division does not have the ability to track students' English-language proficiency progress, it had not reported this information to its Board. This information would help Regina Catholic and the Board to periodically evaluate the successful delivery of the program (i.e., if expectations were met), identify challenges (e.g., sufficient EAL instruction resources), and identify resulting program changes (e.g., other supports and resources).

Since 2016, the Board started receiving an annual EAL program overview (i.e., a report that outlines the program's strengths and challenges, and management's recommendations for program changes). However, because the Division had not set overall program expectations, the Board was not yet receiving reports on this.

The Board also continued to receive periodic information on the EAL program such as bi-monthly enrolment reports.

Chapter 38

Saskatchewan Cancer Agency – Delivering the Screening Program for Breast Cancer

1.0 MAIN POINTS

Screening and early detection is critical in helping to reduce deaths from breast cancer. By August 2018, Saskatchewan Cancer Agency had made some progress in improving its processes to deliver its screening program for breast cancer. The Agency implemented two of five recommendations first made in 2016 and partially implemented the remaining three recommendations.

The Agency developed strategies to engage physicians in initiatives to increase awareness of its screening program for breast cancer. In addition, it analyzed information on difficult-to-screen populations to ensure strategies sufficiently reach these individuals for screening.

The Agency also developed tools to begin evaluating its promotional activities but was not using them consistently. In addition, it began tracking and reporting on some additional key quality indicators related to its breast cancer screening program. At August 2018, it was in the process of replacing an IT system that it hopes to use to track and report more key quality indicators.

2.0 INTRODUCTION

The Agency, under *The Cancer Agency Act*, is responsible for the planning, organization, delivery, and evaluation of cancer-care services throughout Saskatchewan. This includes providing a systematic population-based screening program for breast cancer. The Agency informs women when they are due for their next mammogram, and suggests women over 50 years of age have a mammogram every two years.

This chapter describes our follow-up of management's actions on the recommendations we made in 2016 about the Agency's processes to deliver its systematic population-based screening program for breast cancer. Our *2016 Report – Volume 1*, Chapter 14 concluded that the Agency had, other than the areas identified in the five recommendations, effective processes to deliver its systematic population-based screening program for breast cancer.

To conduct this audit engagement, we followed the standards for assurance engagements published in the *CPA Canada Handbook – Assurance* (CSAE 3001). To evaluate the Agency's progress towards meeting our recommendations, we used the relevant criteria from the original audit. The Agency's management agreed with the criteria in the original audit.

Our audit approach focused on meeting with the primary contact person responsible for delivering the breast cancer screening program, understanding relevant key processes and controls in place, examining key documents, and testing the operating effectiveness of the relevant processes and controls.



3.0 STATUS OF RECOMMENDATIONS

This section sets out each recommendation including the date on which the Standing Committee on Public Accounts agreed to the recommendation, the status of the recommendation at August 15, 2018, and the Agency's actions up to that date. We found that the Agency fully implemented two recommendations and partially implemented the remaining three recommendations.

3.1 Evaluation of Promotional Activities Underway

We recommended that the Saskatchewan Cancer Agency evaluate the success of its screening program for breast cancer promotional activities against expectations. (2016 Report – Volume 1; Public Accounts Committee has not yet considered this recommendation as of October 30, 2018)

Status – Partially Implemented

In 2016, the Agency began evaluating its promotional activities but did not do so consistently.

The Agency employs four Early Detection Co-ordinators that attend 20-25 promotional events each year throughout the province (e.g., community health fairs, Open Door Society events, wellness expos, tradeshow).

In 2016, the Agency developed a post-event evaluation. Co-ordinators can complete this evaluation to help assess the event and note opportunities to improve. The evaluation includes questions regarding:

- How many participants attended
- Was the targeted audience reached
- What needs to be changed
- Did organizers want the Agency to return to future events
- Would the Agency attend again

We found that for 80% of the post-event evaluations we tested, the evaluation was not completed. The Agency requires Co-ordinators to complete this evaluation for all events.

In the absence of completed post-event evaluations, the Agency continues to rely on the verbal feedback received from Early Detection Co-ordinators during semi-annual meetings.

One of the key indicators used to evaluate the screening program for breast cancer is the participation rate in the program. As shown in **Figure 1**, the participation rate remained relatively the same from 2015-16 to 2017-18, with a slight decrease in 2017-18.

Figure 1 – Participation Rates in SCA’s Screening Program for Breast Cancer and Number of Mammograms from 2015-16 to 2017-18

	2015-16	2016-17	2017-18
Participation rate ^A	40.3%	40.3%	39.7%
Total number of mammograms ^B	38,254	38,521	38,055

Source: Saskatchewan Cancer Agency, 2017-18 Annual Report.

^A The percentage of women who have a screening mammogram as a proportion of the target population.

^B Only includes mammograms performed by the Agency’s screening program.

Without consistently evaluating promotional events, the Agency cannot know whether its promotional activities are effective and whether the activities are providing the greatest value in terms of educating the public about breast cancer and the screening program.

3.2 Strategies Developed to Engage Physicians

We recommended that the Saskatchewan Cancer Agency develop a strategy to engage physicians in initiatives to increase awareness of its screening program for breast cancer. (2016 Report – Volume 1; Public Accounts

Committee has not yet considered this recommendation as of October 30, 2018)

Status – Implemented

The Agency developed various strategies to engage physicians in initiatives to increase awareness of its screening program for breast cancer. For example, the Agency:

- Submitted an article to the Saskatchewan Medical Association in February 2018. The article was distributed to all physicians across the province. It encouraged physicians to have their patients screened.
- Made formal or information presentations at various conferences hosted for physicians. For example, in 2017, the Agency presented on the value of screening at the Oncology Conference. In 2018, the Agency had an informational booth that presented information on screening at the Saskatchewan International Physician Practice Assessment Conference.
- Provided a presentation on the early detection programs to medical residents in Regina in April 2018.
- Sent information (e.g., who the program applies to, who gets the results of the screen) on the screening program for breast cancer to all new physicians and nurse practitioners.

The Agency has a section on its website dedicated to physicians and nurse practitioners. It includes information on its Client Navigation Program, and the process for managing results for screening and diagnostic mammograms.¹

¹ Client navigators, who are registered nurses, advocate for the timely management of women who have had an abnormal screen. The navigator obtains authorization from the physician or nurse practitioner to co-ordinate referrals, facilitate access, and provide information and support.



3.3 Information Analyzed on Difficult-to-Screen Populations

We recommended that the Saskatchewan Cancer Agency analyze information on difficult-to-screen populations for its screening program for breast cancer to assess whether sufficient strategies are in place to reach these individuals for screening. (2016 Report – Volume 1; Public Accounts

Committee has not yet considered this recommendation as of October 30, 2018)

Status – Implemented

The Agency analyzes information on difficult-to-screen populations to determine whether its strategies sufficiently reach these individuals for screening.

The Agency continues to use a mobile mammography bus to reach women in rural and remote areas (i.e., difficult-to-screen populations). For example, the mobile bus was in Hudson Bay for seven days in August 2017. The Agency sent out 470 letters, made 352 appointments available, and screened 301 women. The participation rate was 64%.

For each community the bus visited, the Agency tracks the:

- Number of days the mobile bus is at the site
- Number of first invite letters sent out
- Number of women screened
- Number of appointments available
- Participation rate

Based on the information gathered at each community, the Agency evaluates the bus routes every second year. If it finds it is not reaching women as intended, the Agency adjusts the bus routes. It has an established practice of differing the mobile bus route for odd and even years.²

Also, since our 2016 audit, the Agency undertook new strategies to educate and reach difficult-to-screen populations:

- In late 2016, the Agency implemented the Northern Health Bus initiative to gather information about community needs and ideas for programming. The bus travels to northern communities during spring, summer, and fall. Some of the services provided include promoting cancer awareness, and providing education related to breast cancer prevention and screening. In 2017, the bus travelled to 26 communities and attended events such as Treaty Days, Culture Camps, and Elders camps.

² During the even years, the bus visits 22 communities including Estevan, Carnduff, Carlyle, Moosomin, Broadview, Grenfell, Wynyard, Lanigan, Watrous, Spiritwood, St. Walburg, Onion Lake, Buffalo Narrows, La Loche, Île-à-la-Crosse, Beauval, La Ronge, Meadow Lake, Kerrobert, Kindersley, Outlook, and Davidson. During the odd years, the bus visits 16 communities including Weyburn, Assiniboia, Gravelbourg, Shaunavon, Maple Creek, Leader, Rosetown, Humboldt, Wadena, Porcupine Plain, Hudson Bay, Creighton, Pelican Narrows, Nipawin, Tisdale, and Melfort.

- In 2017, the Agency signed a memorandum of understanding with the Northern Inter-Tribal Health Authority.³ Its purpose is to establish and define a collaborative and coordinated partnership for advancing capacity for cancer surveillance for First Nations communities in northern Saskatchewan, as well as pilot and evaluate the cancer surveillance system in northern Saskatchewan.

3.4 Additional Key Quality Indicators Needed

We recommended that the Saskatchewan Cancer Agency broaden the use of key quality indicators relevant to Saskatchewan to regularly analyze the performance of its screening program for breast cancer. (2016

Report – Volume 1; Public Accounts Committee has not yet considered this recommendation as of October 30, 2018)

Status – Partially Implemented

We recommended that the Saskatchewan Cancer Agency periodically report to senior management, the Board, and the public on key performance information for the screening program for breast cancer.

(2016 Report – Volume 1; Public Accounts Committee has not yet considered this recommendation as of October 30, 2018)

Status – Partially Implemented

As of August 2018, the Agency broadened the use and reporting of some key quality indicators to analyze the performance of its screening program.

In 2016-17, the Agency began tracking three new key quality indicators:

- Participation by age group (e.g., 50 to 54 years)
- Wait time from abnormal mammogram to definitive diagnosis
- Proportion of clients receiving an abnormal screen result who waited within target timeframes for diagnosis

The Agency reports these quality indicators to senior management on a yearly basis.

The Agency also continued to report overall participation rates and appointment wait times for mammograms to senior management and the Board each quarter. Its Annual Report reports volume statistics (number of screening mammograms on the mobile bus, in the Regina centre, Saskatoon centre, and the satellite centres) and participation rates.

Management indicated that due to IT system limitations (e.g., old technology, reporting limited as not able to extract data), the Agency was not able to track information on all key quality indicators. It was replacing the IT system for all three of its screening programs (breast, cervical, colorectal).

³ A First Nations' partnership organization that delivers nursing, public health, and primary care treatment services in 33 First Nation communities throughout northern Saskatchewan.



Once the system is replaced, the Agency plans to report on the following additional key indicators:

- Participation rate per former health region
- Participation rate per former health region and age group
- Retention rate⁴
- Interval cancer rate⁵

Management indicated that it expects to implement the new IT system over the next two to three years.

Tracking and reporting on additional key quality indicators will allow the Agency to better assess the effectiveness of its screening program.

⁴ The estimated percentage of women aged 50 to 67 years who returned for screening within 30 months of their previous screen.

⁵ The number of invasive breast cancers found after a normal or benign mammography screening episode within 0 to <12 months and 12 to 24 months of the screen date.

Chapter 39

Saskatchewan Health Authority (Sunrise) – Preventing and Controlling Infections in Long-Term Care Homes

1.0 MAIN POINTS

Infections in long-term care homes pose health and safety risks to residents, staff, and visitors.

By June 2018, the Saskatchewan Health Authority had implemented the remaining four recommendations from our 2014 audit at the former Sunrise health region related to preventing and controlling infections in long-term care homes.

It communicated its prevention and control practices to the public (e.g., hand hygiene and outbreak signage), supervisors reviewed the adequacy of resident room cleaning, and management analyzed its infection rates and trends.

2.0 INTRODUCTION

This chapter describes our second follow-up of management's actions on the four remaining recommendations made in 2014.

Our *2014 Report – Volume 1*, Chapter 13 concluded that the then Sunrise Regional Health Authority had, other than areas related to our recommendations, effective processes to prevent and control infections in its long-term care homes. We made ten recommendations. By March 2016, Sunrise had fully implemented six of the ten recommendations.¹

In 2017-18, 12 health regions, including Sunrise, combined to form the Saskatchewan Health Authority. The Authority, under *The Provincial Health Authority Act*, is responsible for planning, organizing, delivering, and evaluating health services in long-term care. This includes infection prevention and control in long-term care homes.

To conduct this audit engagement, we followed the standards for assurance engagements published in the *CPA Canada Handbook – Assurance* (CSAE 3001). To evaluate Sunrise's progress towards meeting our recommendations, we used the relevant criteria from the original audit. Sunrise's management agreed with the criteria in the original audit.

To complete the audit, we discussed with management progress they made in meeting our recommendations, reviewed supporting documentation, and visited three long-term care homes in the former Sunrise health region to verify progress. At March 31, 2018, 13 long-term care homes operated in the former Sunrise health region.

¹ See our *2016 Report – Volume 1*, Chapter 34.



3.0 STATUS OF RECOMMENDATIONS

This section sets out each recommendation including the date on which the Standing Committee on Public Accounts agreed to the recommendation, the status of the recommendation at June 30, 2018, and the Authority's actions up to that date with respect to the long-term care homes in the former Sunrise health region.

We found that the Saskatchewan Health Authority had implemented the four remaining recommendations.

3.1 Public Signage and Brochures Communicate Infection Prevention and Control Practices

We recommended that Sunrise Regional Health Authority consistently communicate its practices on infection prevention and control in its long-term care homes to front line staff and the public. (2014 Report – Volume 1; Public Accounts Committee agreement February 12, 2015)

Status – Implemented

Sunrise informs the public of infection prevention and control practices through brochures and signage at its long-term care homes.

Entrances and public washrooms have signage for proper hand hygiene practices while on premises. During outbreaks, Sunrise posts additional signage at entrances to their long-term care homes. Outbreak-related signage indicates extra precautions (e.g., the need for a mask) required during visits.

Residents with contagious infections have signage on their doors, alerting visitors of additional safety measures required during interaction with the resident.

At admission, during flu season, and during outbreaks, residents and families receive brochures outlining the importance of infection prevention and control.

3.2 Supervisors Review Room Cleaning

We recommended that Sunrise Regional Health Authority require staff document the level of cleaning completed on each of the long-term care homes and have the documentation reviewed by a supervisor. (2014 Report – Volume 1; Public Accounts Committee agreement February 12, 2015)

Status – Implemented

Supervisors of the long-term care homes review the adequacy of room cleaning done by staff.

We found, at the three long-term care homes we visited, evidence that supervisors reviewed the cleaning worksheets.² Sunrise has also implemented an annual check to verify that supervisors complete their daily cleaning-worksheet reviews.

3.3 Infections Analyzed and Reported to Management

We recommended that Sunrise Regional Health Authority routinely analyze information on key types of infections that affect long-term care residents. (2014 Report – Volume 1; Public Accounts Committee agreement February 12, 2015)

Status – Implemented

We recommended that Sunrise Regional Health Authority give senior management and the Board routine written analysis on rates and trends of key infections in long-term care homes. (2014 Report – Volume 1; Public Accounts Committee agreement February 12, 2015)

Status – Implemented

Management of the Sunrise long-term care homes routinely monitored infection rates and trends and shared information with senior management.

Each month, the Authority collected infection rates for the key infections (e.g., MRSA) observed in Sunrise long-term care homes.³ This information shows that infection rates improved from 2017 to 2018, with 28 healthcare-associated infections between April 1, 2017 to March 31, 2018 as compared to 39 infections in 2016-17.

Each quarter, the Local Infection Prevention and Control Committees (north, central and south areas of the former Sunrise health region) discuss their area's infection rates and trends.⁴ The Regional Infection Prevention and Control Quality Improvement Team also receives the infection rate and trend information provided to the local committees.⁵

The Regional Team meets quarterly, and uses the analysis to direct their efforts (e.g., to educate staff on the proper handling of human waste, recommend discontinued use of jetted tubs to senior management, and direct additional training efforts to specific homes needing support).

Each October, Sunrise holds an infection prevention and control workshop for all staff, including staff from its long-term care homes, to address concerns related to infection prevention and control practices. The workshop touches on various topics ranging from outbreak management to urinary tract infections.

² In 2016 (the time of our first follow-up), we identified that although staff appropriately documented resident room cleaning on daily worksheets, supervisors did not consistently review them or have evidence that they reviewed the adequacy of the cleaning.

³ MRSA (methicillin resistant staphylococcus aureus) is a bacterium resistant to common antibiotics and that affects the heart, lungs, bones, joints, and/or bloodstream.

⁴ The local committee membership includes a long-term care director, a long-term care home nurse, and representatives from foods services and laundry.

⁵ The Regional Team includes all directors of long-term care for the north, central, and south areas.

Chapter 40

Saskatchewan Health Authority – Triage Emergency Department Patients in Saskatoon Hospitals

1.0 MAIN POINTS

Emergency departments must prioritize (triage) patients quickly and appropriately to provide immediate care to patients experiencing life-threatening medical conditions and timely care to other patients.

By August 2018, the Saskatchewan Health Authority had implemented two of the five remaining recommendations we first made in 2013. These recommendations related to the effectiveness of the former Saskatoon Regional Health Authority's processes to triage patients in its three City of Saskatoon hospital emergency departments.

Monthly, the Authority assesses its triage process to confirm it is appropriately prioritizing patients. It also improved signage in each of its emergency departments so patients can more easily find assessment and waiting areas.

The Authority needed to do further work when it comes to triaging patients in its Saskatoon hospital emergency departments. It needs to:

- Continue to develop alternate care models for consultants (specialist physicians) to meet with non-emergent patients outside of the emergency department to avoid overcrowding in emergency departments
- Document the reassessment of the medical condition of patients in emergency waiting rooms, and implement plans to support physicians seeing patients within required timeframes to reduce the risk of patients sitting in waiting rooms without being seen for a significant length of time and their condition deteriorating

2.0 INTRODUCTION

In 2017-18, 12 health regions, including Saskatoon Regional Health Authority, combined to form the Saskatchewan Health Authority. The Authority, under The *Provincial Health Authority Act*, is responsible for planning, organizing, delivering, and evaluating health services within the region. This includes providing emergency healthcare services in hospitals previously overseen by the Saskatoon Regional Health Authority.

The chapter describes our second follow-up of management's actions on five remaining recommendations we first made in 2013 about processes to triage patients in three city hospital emergency departments located in Saskatoon.¹

These emergency departments handled about 121,500 patients in 2017-18. They employ about 228 full-time equivalent positions.

¹ The original report regarding these recommendations can be found at www.auditor.sk.ca/publications/public-reports. We reported the original audit work in *2013 Report – Volume 2*, Chapter 30, pp. 219-235.



Our *2013 Report – Volume 2*, Chapter 30 concluded that for the year ended August 31, 2013, Saskatoon Regional Health Authority did not have effective processes to triage patients in its three city hospital emergency departments. We made eight recommendations. By March 2016, the Saskatoon Regional Health Authority had implemented two of eight recommendations, and one was considered no longer relevant.²

To conduct this audit engagement, we followed the standards for assurance engagements published in the *CPA Canada Handbook – Assurance (CSAE 3001)*. To evaluate the Saskatchewan Health Authority's progress towards meeting our recommendations, we used the relevant criteria from the original audit. Saskatoon Regional Health Authority's management agreed with the criteria in the original audit.

To complete the audit, we discussed with management progress they made in meeting our recommendations, reviewed supporting documentation, and visited the three Saskatoon hospital emergency departments to verify progress.

3.0 STATUS OF RECOMMENDATIONS

This section sets out each recommendation including the date on which the Standing Committee on Public Accounts agreed to the recommendation, the status of the recommendation at August 31, 2018, and the Authority's actions up to that date.

We found that the Authority had implemented two recommendations and had made progress in implementing the other three.

3.1 Accuracy of Triage Levels Being Assessed

We recommended that Saskatoon Regional Health Authority review the triage process to determine whether emergency department patients are appropriately categorized. (2013 Report – Volume 2; Public Accounts Committee agreement January 15, 2015)

Status – Implemented

Since spring 2017, the Saskatchewan Health Authority shared with emergency department staff the results of its monthly audits of the reliability of the triage assessments done by staff when a patient comes to an emergency department. These audits determine whether emergency department staff appropriately triaged patients.

Triaging patients requires assessing the severity of a patient's health condition. The assessment of a patient's health condition is then used to prioritize how quickly a healthcare provider should see a patient. An initial triage assessment is the first assessment of a patient's health condition.

The Authority uses Emergency Department CTAS triage scoring guidelines for patients accessing service through Saskatoon's emergency departments.³ For example, as shown in **Figure 1**, a physician should see a patient assessed as a CTAS Level I (resuscitation)

² See our *2016 Report – Volume 1*, Chapter 32, pp. 293-298.

³ Canadian Triage Acuity Score (CTAS) is a tool that helps emergency departments to prioritize or rank patient care needs based on illness conditions.

immediately, and see a patient assessed as CTAS Level V (non-urgent) within 120 minutes.

Figure 1 – CTAS Levels and Time Goals

CTAS Level	Severity of Condition	Goal to be seen or reassessed by healthcare provider
CTAS I	Resuscitation	Immediate
CTAS II	Emergent	15 minutes
CTAS III	Urgent	30 minutes
CTAS IV	Less Urgent	60 minutes
CTAS V	Non-Urgent	120 minutes

Source: CTAS Implementation Guidelines.

In 2017-18, the Authority conducted 236 audits of initial triage assessments, in total, at the three Saskatoon emergency departments. These audits found staff at emergency departments performed accurate triage assessments about 70% of the time. Based on our research, a 70% reliability of scoring is not unreasonable given the subjectivity of the CTAS scoring scale.⁴

The audit results are shared monthly with emergency department managers. Managers use the results to educate staff to improve triage accuracy.

3.2 Documented Reassessments of Patients Waiting in Emergency Departments Needed

We recommended that Saskatoon Regional Health Authority staff routinely reassess patients in emergency department waiting rooms to determine that their conditions have not deteriorated. (2013 Report – Volume 2; Public Accounts Committee agreement January 15, 2015)

Status – Partially Implemented

Staff are not documenting the reassessment of patients in emergency department waiting rooms.

Since 2015, all hospitals in Saskatoon have implemented a Triage Captain role in their emergency departments. In June 2016 the Authority developed work standards to clarify the role of Triage Captain and their staff (e.g., greeting patients, assessing their condition, and assigning and reassessing triage level).

We found that staff are not documenting reassessments of patients in emergency waiting rooms to determine that their conditions have not deteriorated. At August 2018, none of the Saskatoon emergency departments could show they routinely assessed patients' conditions when patients did not see a physician within the Authority's specified goal

⁴ A study published in the North American Journal of Medical Science (July 2015) found that CTAS scoring guidelines showed acceptable level of overall reliability in the emergency department but need more development to reach almost perfect consistency in assessments. Findings indicated agreement with CTAS assessments 67.2% of the time.



times (see **Figure 1**). Management indicated the Authority was seeking a solution to efficiently document the reassessment of a patient’s condition.

Not regularly reassessing patients’ medical conditions increases the risk of not identifying deterioration in patients’ conditions in a timely manner.

3.3 Working to Make Emergency Services More Timely

We recommended that Saskatoon Regional Health Authority put processes in place to ensure emergency department patients see physicians within established time goals. (2013 Report – Volume 2; Public Accounts

Committee agreement January 15, 2015)

Status – Partially Implemented

We recommended that Saskatoon Regional Health Authority provide consultant care for less-urgent or non-urgent patients outside of its emergency departments. (2013 Report – Volume 2; Public Accounts Committee

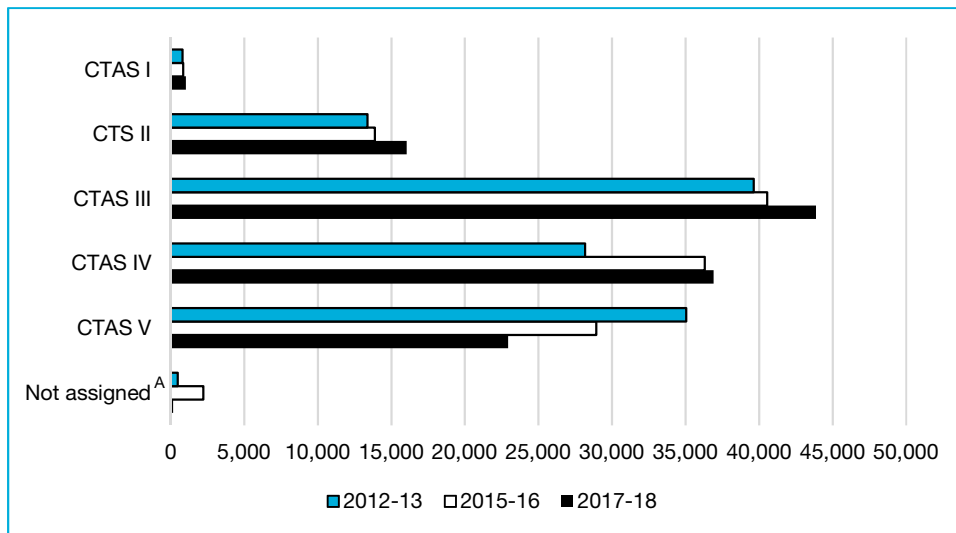
agreement January 15, 2015)

Status – Partially Implemented

The Authority has not developed strategies to help ensure physicians see patients within the established time goals. Saskatoon’s emergency department physicians are not seeing patients within established time goals.

Saskatoon has experienced almost 3% growth in the number of patients going to the city’s three emergency departments since our audit in 2013 (see **Figure 2**). As **Figure 2** shows, consistent with our past audits, the majority of these patients are prioritized as CTAS Level III (with urgent medical needs).

Figure 2—Number of Patients Presenting at the Three Saskatoon Emergency Departments by CTAS Level in 2012-13, 2015-16, and 2017-18^B



Source: Saskatoon Regional Health Authority Strategic Health Information and Performance Supports (SHIPS).

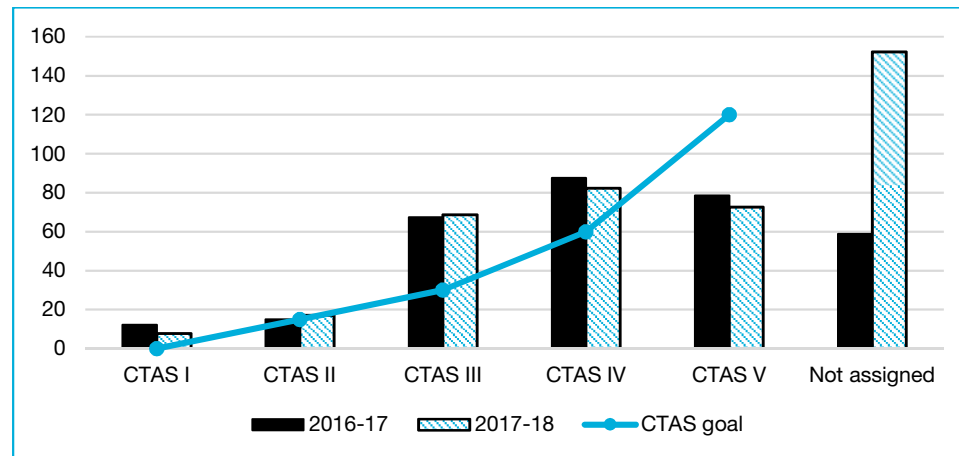
^A The not assigned category is where patients did not have a documented CTAS level in the IT system.

^B 2012-13 was the timing of our initial audit, 2015-16 was the timing of our first follow-up audit, and 2017-18 is the timing of this follow-up audit.

As shown in **Figure 3**, the length of time to receive a physician initial assessment continues to take longer than the Authority's CTAS goals for patients categorized as CTAS III (urgent) and IV (non-urgent).

On average, patients categorized as urgent waited more than two times longer than the CTAS goal of 30 minutes to see a physician in both 2017-18 (68.6 minutes) and 2016-17 (67.3 minutes). As previously noted, the highest proportion of patients presenting in Saskatoon's emergency departments are categorized as urgent.

Figure 3—CTAS Average Wait Times in Minutes for 2016-17 and 2017-18^A



Source: Saskatoon Regional Health Authority Strategic Health Information and Performance Supports (SHIPS).
^A See **Figure 1** for CTAS time goals.

At August 2018, management advised us that the Saskatchewan Health Authority was developing an overarching strategy that focuses on connecting patients to community services in Saskatoon (connecting services strategy). One desired outcome of this strategy is for Saskatoon's emergency departments to meet the CTAS time goals.

In addition, the Authority had a number of planned interventions related to the strategy. For example,

- In April 2018, it changed the physical space of the emergency department at Royal University Hospital in Saskatoon. The Authority has developed a separate seven-bed area for patients experiencing mental health issues. This area is quieter than the emergency department, and staffed with healthcare providers specifically trained to deal with mental health issues.
- In October 2019, it plans to move the location of both emergency departments at Royal University Hospital to an area within the new Jim Pattison Children's Hospital. It expects the new area to be larger. This will enable accommodating space for diagnostics. Diagnostics conduct various lab tests, x-rays, and CT Scans. Having these services available within the emergency department will reduce the need to transport patients to another area of the hospital for tests. It will also enable emergency department physicians to obtain test results faster.
- In 2017, the Authority began diverting non-emergent patients in the Orthopaedics and Neurology specialties to the ambulatory care department at one of its hospitals when it is open (i.e., Monday - Friday normal business hours). Management notes that the



Authority plans to assess if it can divert other speciality area patient consultations in the future.

The Authority plans to implement its connecting services strategy over the next two years.

In summer 2018, the Authority conducted multiple modelling exercises on the new emergency department to be located in the Jim Pattison Children's Hospital. The modelling exercise team identified that the greatest potential opportunity to improve efficiency within the emergency department was to reduce the length of time an admitted patient is waiting in the emergency department for an inpatient bed. The time gained would allow physicians to see patients sooner in the emergency department, therefore improving the time to physician initial assessment. The Authority told us it plans to act on this information to create improvements in patient flow from the emergency department at Royal University Hospital by October 2019.

Formulating strategies to meet emergency department triage goals can aid in reducing overcrowding of emergency departments and reduces the risk of not providing patients with timely access to service.

3.4 Directing Emergency Patients Improved

We recommended that Saskatoon Regional Health Authority implement a process to direct patients entering its emergency departments to the appropriate areas for assessment and reassessment. (2013 Report – Volume

2; Public Accounts Committee agreement January 15, 2015)

Status – Implemented

Since 2016 (the time of our last follow-up audit), Saskatoon's emergency departments have improved their signage making it easier for patients to find the assessment and waiting room areas.

In the 2013 audit and later in 2016, we identified issues patients had with the physical layout of Saskatoon's emergency departments. Our 2018 visit of the three hospitals found the Authority had addressed those issues with the physical layout. All three emergency departments had signs directing patients to the assessment and waiting areas.

Clear signage that allows patients to find appropriate areas of the emergency department should help to improve patient care and not increase anxiety in patients who are already in a stressful state.

Chapter 41

Saskatchewan Legal Aid Commission – Providing Legal Aid Services

1.0 MAIN POINTS

Legal Aid involves providing publicly funded legal services to persons who otherwise cannot afford them.

By August 2018, the Saskatchewan Legal Aid Commission had made some progress in improving its processes to provide legal aid services. It implemented one of the five recommendations from our 2016 audit of its processes to provide legal aid services and was working on implementing the remaining four recommendations.

The Commission updated and approved its policies and procedures. It also began using a standard form to evaluate the performance of newly hired/promoted lawyers and plans to create evaluation forms for the rest of its lawyers. Commission staff still need to keep data in the electronic case management system accurate to support effective caseload assignment and monitoring. The Commission has further work planned around setting expectations and reporting on the quality of legal aid services provided.

2.0 INTRODUCTION

Under *The Legal Aid Act*, the Saskatchewan Legal Aid Commission is responsible for providing full legal representation to persons, with respect to civil matters and criminal matters (where those persons are charged with matters that could result in jail time), and who are financially unable to secure those services with their own resources. All Saskatchewan youth are eligible for legal aid services when charged under *The Youth Criminal Justice Act (Canada)*.¹

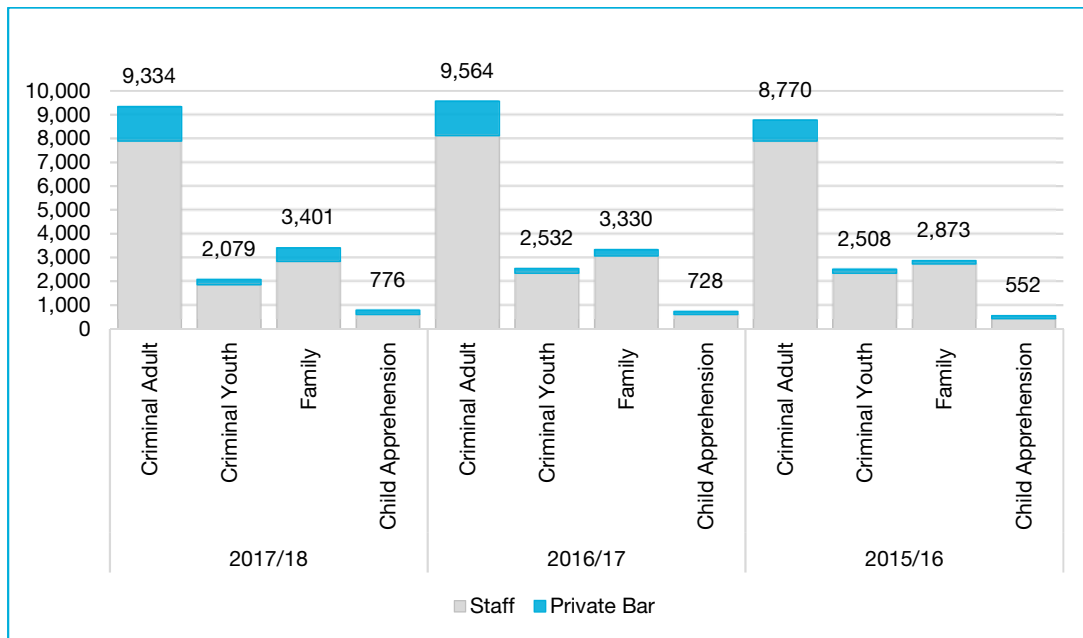
In 2017-18, the Commission had expenses of \$25.3 million of which \$16.7 million was salaries and benefits and \$5.1 million was for provision of legal services using private bar lawyers.² The Commission is financed primarily through grants from the Ministry of Justice.

The Commission provides services primarily through staff at its head office in Saskatoon, and staff located in its 14 area offices located throughout Saskatchewan. At March 2018, it had staff in 154 staff positions, of which 90 were lawyers.

As shown in **Figure 1**, from 2015-16 to 2017-18, the Commission had a 6% increase in the number of new cases (i.e., case files). The total number of cases in 2015-16 was 14,703 (including 8,770 criminal adult cases) compared to 15,590 cases (including 9,334 criminal adult cases) in 2017-18.

¹ Persons under 18 year of age.

² The Commission hires private-practice lawyers to handle some of its case files. In 2017-18, private-practice lawyers handled about 15% of cases.

**Figure 1 – New Full Legal Representation Files Opened in Fiscal Years 2015-16 to 2017-18^A**

Source: *Saskatchewan Legal Aid 2017 – 2018 Annual Report*, p. 11.

^A An opened file is one in which the applicant was found eligible for legal aid.

Timely access to legal aid services improves the effectiveness of the justice system (e.g., may reduce time a person is held in custody, may resolve cases faster, may provide protection such as a family law restraining order sooner to individuals).

This chapter describes our first follow-up of the Commission's actions on the five recommendations we made in 2016. In our *2016 Report – Volume 1*, Chapter 16, we concluded that for the 12 month period ending January 31, 2016, the Commission had, other than areas related to five recommendations, effective processes to provide legal services to eligible persons.³

To conduct this audit engagement, we followed the standards for assurance engagements published in the *CPA Canada Handbook – Assurance (CSAE 3001)*. To evaluate the Commission's progress towards meeting our recommendations, we used the relevant criteria from the original audit. The Commission agreed with the criteria in the original audit.

During this follow-up audit, we examined the Commission's related policies and procedures, and reviewed key documents, manuals, and publications. In addition, we interviewed relevant Commission staff, and tested a sample of case files of individuals receiving legal aid services from the Commission, respecting the confidentiality of client information throughout our audit.

³ Eligible persons are those who meet the eligibility criteria prescribed by the Commission as set out in *The Legal Aid Act* and *The Legal Aid Regulations, 1995*.

3.0 STATUS OF RECOMMENDATIONS

This section sets out each recommendation including the date on which the Standing Committee on Public Accounts agreed to the recommendation, the status of the recommendation at August 31, 2018, and the Commission's actions up to that date. We found that the Commission implemented one recommendation and was working on implementing the other four recommendations.

3.1 Policies and Procedures Updated and Approved

We recommended that the Saskatchewan Legal Aid Commission update its policies and procedures guiding the provision of legal aid services and obtain Commission approval of key policy revisions. (2016 Report – Volume 1; Public Accounts Committee agreement January 11, 2017)

Status – Implemented

The Commission revised its policies and procedures about providing legal services to make them up-to-date and congruent; the Board of the Commission approved its policy changes.

The Commission updated two key manuals so that their contents align with its updated policies, and guidance previously provided to staff. It updated key operational policies in its Governance Policy Manual related to providing legal aid services. It also updated its Eligibility and Service Delivery Manual. The Manual includes detailed procedures on delivering legal aid (e.g., steps to determine client eligibility). The Board of the Commission approved the updates.

In addition, the Commission developed practice directives and related forms to aid staff in providing criminal, family, and duty counsel legal services, and documenting information about the provision of those services consistently.

The Commission makes its manuals, directives, and forms readily available to staff on its internal website.

Having up-to-date policies and guidance that is consistent with those policies provides staff with clear direction and expectations, and reduces the risk of staff providing services to ineligible clients.

3.2 Further Staff Performance Evaluations Needed

We recommended that the Saskatchewan Legal Aid Commission conduct written annual performance evaluations of its lawyers. (2016 Report – Volume 1; Public Accounts Committee agreement January 11, 2017)

Status – Partially Implemented

While the Commission has always undertaken evaluations of staff on probation, it started to use a standard form for this process. The Commission does not formally evaluate all lawyers on an on-going basis.



Since our 2016 audit, the Commission is using a standard form to evaluate the performance of probationary new lawyers and lawyers transferred to new/promoted positions. It developed this form and expects supervising lawyers to complete the form:

- For probationary lawyers, within the first nine months of the lawyer being in the position
- For lawyers transferring within the Commission, within the first six months of the lawyer being in a new position

We found that each of the 14 area offices use this evaluation form for these positions as expected.

In addition, the Commission indicated it plans to evaluate the work performance of the rests of its lawyers on staff using a standard performance evaluation form. At August 2018, it had not yet developed this form.

In preparation for these performance evaluations, the Commission created and gave all staff practice directives and forms (for criminal, family, and duty counsel matters). It plans to use the requirements set out in the directives as a portion of the performance evaluation form for lawyers.

Also, the Commission is implementing a new timekeeping system to track time lawyers spend on various case files. In August 2018, it was piloting this new system in an area office. If successful, it expects to use information from the timekeeping system as an element of performance evaluations.

Periodic written performance evaluations provide feedback on the quality and timeliness of legal aid services of staff lawyers. Doing evaluations can promote a supportive culture of professional engagement, and enable timely coaching of staff on areas identified as needing improvement.

3.3 Electronic Case Management Data Not Always Accurate

We recommended that the Saskatchewan Legal Aid Commission use its electronic case management system to capture accurately the status of legal aid cases in a timely manner to facilitate monitoring of lawyer caseloads. (2016 Report – Volume 1; Public Accounts Committee agreement January 11, 2017)

Status – Partially Implemented

Staff lawyers do not consistently keep information in the electronic case management system accurate or up-to-date. In addition, the Commission does not track key dates for criminal and family matters in an accessible way to facilitate monitoring the timeliness of providing legal aid services.

The Commission uses an electronic case management system to help track and monitor caseloads of staff lawyers (e.g., number of cases assigned to individual staff lawyers or to area offices), and the status of case files (e.g., eligibility approved, client abandoned,

matter completed). Also, management uses this information to assign case files in area offices and to staff lawyers, and help determine the location and number of lawyers needed at each area office.

The electronic case management system does not track the date of the court decision in criminal matters or the date of resolution in family matters. Staff lawyers keep this information in individual paper files. At August 2018, the Commission was working with the Ministry of Justice to create access between its electronic case management system and the electronic provincial court system. The electronic provincial court system contains the court decision and date of decision for many criminal matters.

In addition, we found that key dates in the electronic case management system did not always agree with dates in the related paper case file. For 2 of 30 case files we tested, the date the client was deemed eligible to receive services differed by 14 and 123 days respectively. For 2 other of 30 case files we tested, the case closing dates differed by 79 and 89 days respectively.

In April 2016 (after our initial audit), management identified over 3,600 stale files and closed them in June 2016. Since then the Commission has implemented a review of stale files. On a quarterly basis, the Legal Director from each area office reviews the criminal cases that have not been closed within one year, family cases that have not been closed within 18 months, and duty counsel cases that have not been closed within 60 days to assess why the files have not been closed.

However, we found the status of case files in the electronic case management system was not always up-to-date. For seven criminal cases we tested in our sample of 30 case files, staff closed these case files, on average, 18 days after the court decision with one case not closed until 118 days after the court decision.

Having the court decision date in criminal matters and date of resolution in family matters electronically would allow the Commission to more accurately monitor the number of active case files. Not having up-to-date case status information in the electronic case management system provides an incorrect picture of lawyer caseloads—delays in closing files makes caseloads look larger than actual. Furthermore, not having accurate dates in the case management system affects the accuracy of information about the timeliness in handling cases. Not having complete, accurate, or up-to-date summarized caseload data increases the risk of ineffective monitoring of the provision of legal aid services, and not allocating resources to the right place at the right time.

3.4 Need to Set Expectations for Delivering Quality Legal Aid Services

We recommended that the Saskatchewan Legal Aid Commission set expectations to assess the quality and timely delivery of legal aid services. (2016 Report – Volume 1; Public Accounts Committee agreement January 11, 2017)

Status – Partially Implemented

Since our 2016 audit, the Commission made progress in setting expectations related to timely delivery, but not the quality of legal aid services provided.



As shown in **Figure 2**, the Commission set timeliness expectations for the following:

- First meeting with a legal aid lawyer (timeliness expectation: three weeks)
- Eligibility response to an online application (expectation: two business days)
- Response to a complaint made to the Commission (expectation: two weeks)

It enhanced the information that it captures in its electronic case management system to enable measuring whether it meets these timeliness expectations. For example, staff are to record the date of the booked first appointment with the client. We realize that clients may decline the first available appointment that the Commission offers them.

Figure 2—Commission’s Client Service Standards

Target (i.e., Expectation)	2017-18 Result	2016-17 Result
90% of clients see a lawyer within three weeks of being declared eligible for legal aid	70%	70%
100% of online applications receive a response within two business days (regarding eligibility)	<i>Not tracked. The Commission estimated it to be 89% based on the number of applications that were received after the process was changed.</i>	100%
95% of complaints receive a response within two weeks	<i>87% (based on 67 files received after January 1, 2018). 71% of decisions were sent within two weeks (based on 472 files received during the fiscal year)</i>	<i>Not tracked</i>

Source: Saskatchewan Legal Aid 2017 – 2018 Annual Report, pp. 8-9.

The Commission published its three new timeliness service expectations (service standards) shown in **Figure 2** in its *2017-18 Annual Report*.

At August 2018, the Commission was planning to expand its client service standards to include whether it provides quality legal aid services. It was considering a Department of Justice Canada’s outcomes monitoring framework for criminal legal aid.

This framework sets out specific criminal case statistics (e.g., cost per case, applications received/approved/denied, demographic information on clients, client satisfaction survey results) that all Canadian legal aid commissions could report. The Commission is also considering similar statistics for its family cases.

As noted in its *2017-18 Annual Report*, the Commission intends to develop and publish activity measures on the percentage of criminal files in Saskatchewan with legal aid representation, and the amount of child and spousal support orders secured.

The Commission is expected to provide full legal representation to those in Saskatchewan who are financially unable to secure these services themselves. Setting and using clear written expectations for quality legal aid services allows management to identify and address factors inhibiting the effective provision of legal aid services. Quality expectations allow for better planning and gauging of success.

3.5 Action Plans to Address Shortfalls Needed

We recommended that the Saskatchewan Legal Aid Commission publish reasons for key differences between actual and expected results for legal aid services and establish actions to address shortfalls in its plans.

(2016 Report – Volume 1; Public Accounts Committee agreement January 11, 2017)

Status – Partially Implemented

While the Commission did not publish the reasons for key differences between actual and expected results for its client service standards, it published some of its planned actions to improve legal aid services.

The Commission's *2017-18 Annual Report* compares actual to expected results for each of its client service standards set out in **Figure 2**.⁴ In addition, it identified plans to improve its services (e.g., identify and address root causes of large number of family files where client contact was lost before case completion). However, its annual report did not describe the reasons for not meeting expected results (e.g., why it did not achieve its target of 90% of clients seeing a legal aid lawyer within three weeks).

Publishing reasons for key differences between expected and actual results shows legislators and the public the Commission has identified underlying causes for its performance, and had designed action plans to address services that did not meet its expectations.

⁴ www.legalaid.sk.ca/community_resources/annual_reports.php%20 (12 September 2018).

Chapter 42

Saskatchewan Liquor and Gaming Authority – Managing Projects with Significant IT Components

1.0 MAIN POINTS

By August 2018, Saskatchewan Liquor and Gaming Authority had made some progress on improving its project management processes for projects with significant IT components. The Authority implemented one of five recommendations initially made in our 2015 audit.

Effective September 2017, the Authority required staff to complete and submit monthly project status reports using a project status report template. Use of this template improved the completeness and consistency of project information reported.

The Authority needs to:

- Give staff guidance on determining required skills, and setting quality control requirements for projects, and
- Formally approve project status reports, monitor whether its projects achieved objectives as set out in approved business cases, and periodically report to senior management and the Board

Guidance on determining required skill sets and setting quality control requirements for projects would help prevent inappropriate staffing of projects, and inconsistent estimation of costs. Formal approval of project status reports along with better monitoring of outcomes achieved would improve accuracy and completeness of reporting to senior management and the Board.

2.0 INTRODUCTION

The Saskatchewan Liquor and Gaming Authority is responsible for distributing liquor and gaming products, and regulating liquor, gaming, and cannabis in Saskatchewan.¹ The Authority uses IT extensively in carrying out its business. For example, it uses IT systems to manage purchases, inventories, sales, and prices of liquor. In addition, it uses IT systems to manage its regulation of liquor (i.e., permitting) and of gaming (i.e., registering gaming employees, suppliers, and activities) and to manage its financial affairs.

The Authority has various projects to implement and update IT systems in these areas. The projects vary significantly in scope, complexity, and cost. At August 31, 2018, the Authority had four projects in progress with a total budget of over \$5.5 million.

The Authority's Enterprise Portfolio Management Office is responsible for its project management approach.

¹ Saskatchewan Liquor and Gaming Authority, *Saskatchewan Liquor and Gaming Authority – Plan for 2018-19*, (2018).



This chapter describes our first follow-up of management's actions on the recommendations we made in 2015. Our *2015 Report – Volume 2*, Chapter 37 concluded that other than the areas of our five recommendations, the Authority had effective project management processes for its projects with significant IT components.

To conduct this audit engagement, we followed the standards for assurance engagements published in the *CPA Canada Handbook – Assurance* (CSAE 3001). To evaluate the Authority's progress towards meeting our recommendations, we used the relevant criteria from the original audit. The Authority's management agreed with the criteria in the original audit.

To carry out our follow-up audit, we discussed actions taken with management and reviewed key documents provided by management (e.g., meeting minutes, project status reports, project business cases).

3.0 STATUS OF RECOMMENDATIONS

This section sets out each recommendation including the date on which the Standing Committee on Public Accounts agreed to the recommendation, the status of the recommendation at August 31, 2018, and the Authority's actions up to that date. We found the Authority implemented one recommendation and had further work to do on the remaining four.

As of August 2018, the Authority had contracted a third party to complete a review of its Enterprise Portfolio Management Office processes to identify gaps and opportunities. The Authority plans to use the results of this analysis to improve its current processes.

3.1 Better Guidance for Detailed Planning of Projects Required

We recommended that Saskatchewan Liquor and Gaming Authority give staff guidance on determining required skills for projects with significant IT components. (2015 Report – Volume 2; Public Accounts Committee agreement September 15, 2016)

Status – Partially Implemented

We recommended, for projects with significant IT components, Saskatchewan Liquor and Gaming Authority give staff guidance on setting quality control requirements. (2015 Report – Volume 2; Public Accounts Committee agreement September 15, 2016)

Status – Partially Implemented

The Authority did not give project teams sufficient guidance to help them determine and document required skills needed, or to set quality control requirements for projects with significant IT components. Rather the Authority continued to depend on the expertise of the business unit involved with a project to determine the required skills for the project.

The Authority has five business units. Individual business units of the Authority do not carry out IT projects frequently.

The Authority requires project managers to use quality control requirements (e.g., tests at each stage of the project) from prior projects as the starting point in determining the requirements for new projects. Project managers are responsible for project delivery. They make day-to-day decisions regarding project approach, plan, structure, timing, and resources.

For the three project plans we tested:

- None of the plans set out how the related business unit determined the required skills (e.g., specialized application knowledge), or rationale to support its decisions (e.g., complex project requiring specific external expertise, availability of relevant skill sets within the Authority)
- The required resources outlined in project plans and level of detail included in project plans varied; the variance in the level of detail for each did not correspond to the size and complexity of the project
 - For example, one project plan tested included some internal resource time and cost assumptions (e.g., project manager required for an estimated timeframe at an approximate cost per hour); and for another, the project plan documented estimated hours per month for the duration of the project for each internal and external resource
 - For example, one project plan set out clear objectives, IT systems used for testing, critical success factors, and documented risks and mitigation strategies for each testing phase; and for another, the project plan included only a high-level breakdown of testing at different stages during the project, and only a general description of testing types and approaches to be used for the project

Lack of guidance on determining and documenting key resource decisions (e.g., internal staff, external consultant) may result in incomplete and unsupported analysis. Incomplete analysis to support budget and hiring decisions increases the risk that project plans may not be accurate and that projects may not have appropriate staff.

Lack of formalized guidance on setting quality control requirements, and using prior test plans increases the risk that staff do not consider all relevant quality control requirements when projects differ in scope and complexity. For example, staff may not sufficiently consider quality control requirements for a new IT system implementation if its test plan is based on a prior project for an IT system upgrade that was smaller in scale and not as complex.

3.2 Project Status Reports Completed

We recommended that Saskatchewan Liquor and Gaming Authority follow its processes for preparing complete and accurate project status reports for projects with significant IT components. (2015 Report – Volume 2;

Public Accounts Committee agreement September 15, 2016)

Status – Implemented



Staff prepared complete and accurate monthly project status reports as required by the Authority's established procedures.

The Authority required staff to use a project status report template beginning in September 2017. For each of the seven project status reports we tested, it included required information such as key project dates, updated percentage of completion as the project progressed, and changes to project plans along with a description of the impact of the change, if any.

3.3 Approval of Project Status Reports Needed

We recommended that Saskatchewan Liquor and Gaming Authority require formal review and approval of project status reports for projects with significant IT components. (2015 Report – Volume 2; Public Accounts Committee agreement September 15, 2016)

Status – Partially Implemented

The Authority does not require project sponsors or executive sponsors to formally approve monthly project status reports. Project sponsors are responsible for project decision-making and providing leadership over changes to business processes. Executive sponsors are members of senior management responsible for overseeing projects and delivering results (e.g., project within budget, timing, and benefits realized).

All seven project reports we examined did not have evidence of approval by the project sponsor or executive sponsor.

Since 2015, the Enterprise Portfolio Management Office began meeting with project sponsors, executive sponsors, and the Authority's IT Branch monthly to discuss project status reports. It expected staff to ask questions during these meetings to verify the accuracy and completeness of the project status reports. We confirmed that these meetings are occurring, and project status reports are reviewed. Minutes of these meetings are not kept. The Authority did not have documented evidence showing the approval of project reports.

Lack of formal approval of project status reports increases the risk of management making inappropriate decisions about projects.

3.4 Report on Achievement of Objectives Needed

We recommended that Saskatchewan Liquor and Gaming Authority monitor whether its projects with significant IT components achieved objectives set out in approved business cases and periodically report to its Board and senior management. (2015 Report – Volume 2; Public Accounts Committee agreement September 15, 2016)

Status – Not Implemented

The Authority does not report on achievement of planned project objectives at project completion.

The Authority's new project status report template included a section for staff to track the status of planned objectives as included in the project business case.

Less than one-third of the seven project status reports we tested included an update on the status of the planned objectives. For the reports that contained an update, we found that the reports indicated whether the objective was on track to be met, but did not conclude on whether the objective was or was not achieved. Of the seven project status reports tested, six related to completed projects. At August 2018, achievement of objectives for those projects had not yet been reported.

The Authority reported on the status of projects to senior management monthly and to the Board annually. However it did not report on whether or not the projects actually achieved the planned objectives at or after project completion.

Without effective processes for measuring and reporting on achievement of objectives, there is increased risk that the Authority may not obtain the benefits that it expects from projects.

Chapter 43

Saskatchewan Rivers School Division No. 119— Maintaining Facilities

1.0 MAIN POINTS

By August 2018, Saskatchewan Rivers School Division No. 119 implemented the four recommendations we made in our 2014 audit of its processes to maintain its facilities.

Saskatchewan Rivers had established and was using written processes for:

- Gathering and recording reliable information about facilities and components
- Determining its facility maintenance priorities and developing its maintenance plan
- Monitoring the timely completion of maintenance of its facilities

Saskatchewan Rivers had also set performance measures and targets related to its facility maintenance and was using them to monitor the effectiveness of its facility maintenance strategies.

Effective maintenance processes help enhance the future viability and safety of schools, improve the quality of space, protect against loss of facility value or service life (i.e., replacing a facility earlier than intended), and limit repair costs in the future.

2.0 INTRODUCTION

Saskatchewan Rivers, a public school division, operates in Prince Albert and surrounding rural areas. Saskatchewan Rivers is responsible for educating about 9,000 students.¹

It is also responsible for maintaining facilities necessary for the educational programs and instructional services it provides. This includes 32 schools located in 17 communities, as well as its support and maintenance service buildings and school division office located in Prince Albert.

Each year, about 13% of Saskatchewan Rivers' total annual expenses is spent on plant operations and maintenance—its second largest expense after salaries and benefits (see **Figure 1**).

Figure 1—Capital and Maintenance Expenditures

	Actual 2017	Actual 2016
	(in millions)	
Plant Operations & Maintenance Expense	\$13.4	\$13.1
Total Expenses	\$105.7	\$103.6

¹ Saskatchewan Rivers School Division No. 119 2016-17 Annual Report, p. 5.



	Actual 2017	Actual 2016
	(in millions)	
% of Total Expenses related to Plant Operation & Maintenance Expense	12.7%	12.6%
Buildings – Net Book Value ^A	\$61.7	\$61.2
Tangible Capital Assets – Net Book Value	\$75.4	\$77.0
% of Tangible Capital Assets Related to Buildings	81.8%	79.5%

Source: Saskatchewan Rivers School Division No. 119 2016-17 Annual Report.

^AIncludes net book value of buildings, short-term buildings, and assets under construction.

This chapter describes the results of our second follow-up of management’s actions on four recommendations we first made in our *2014 Report – Volume 2*, Chapter 37 about Saskatchewan Rivers’ processes to maintain its facilities.

In 2014, we reported that Saskatchewan Rivers had effective processes to maintain its facilities other than the five areas of our recommendations. In our *2016 Report – Volume 2*, Chapter 44, we reported that, by June 30, 2016, Saskatchewan Rivers had implemented one recommendation, and was in the process of implementing the other four recommendations.

To conduct this audit engagement, we followed the standards for assurance engagements published in the *CPA Canada Handbook – Assurance* (CSAE 3001). To evaluate Saskatchewan Rivers’ progress towards meeting our recommendations, we used the relevant criteria from the original audit. Saskatchewan Rivers agreed with the criteria in the original audit.

To perform our follow-up audit on our recommendations, we examined Saskatchewan Rivers’ reports and documents that relate to the maintenance of facilities. We also interviewed staff responsible for the maintenance of facilities.

3.0 STATUS OF RECOMMENDATIONS

This section sets out each recommendation including the date on which the Standing Committee on Public Accounts agreed to the recommendation, the status of the recommendation at August 17, 2018, and Saskatchewan Rivers’ actions up to that date. We found that the Saskatchewan Rivers had implemented the four recommendations.

3.1 Written Processes Established

We recommended that Saskatchewan Rivers School Division No. 119 establish written processes for gathering and recording reliable information about facilities and components. (2014 Report – Volume 2; Public

Accounts Committee agreement January 13, 2016)

Status – Implemented

We recommended that Saskatchewan Rivers School Division No. 119 establish written processes for monitoring the timely completion of maintenance of its facilities. (2014 Report – Volume 2; Public Accounts Committee agreement January 13, 2016)

Status – Implemented

We recommended that Saskatchewan Rivers School Division No. 119 establish written processes for determining its facility maintenance priorities and developing its maintenance plan. (2014 Report – Volume 2; Public Accounts Committee agreement January 13, 2016)

Status – Implemented

Since June 2016 (the time of our last follow-up), Saskatchewan Rivers has established thorough written processes for:

- Gathering and recording reliable information about facilities and components
- Determining its facility maintenance priorities, and developing its maintenance plan
- Monitoring the timely completion of maintenance of its facilities

The Division updated its procedures to manage facilities, monitor reactionary maintenance requests and preventative maintenance projects, and provide for capital asset management. The written processes require the Superintendent of Facilities to complete quarterly reviews of preventative maintenance projects. These reviews are to check that staff complete their work within a reasonable timeframe and whether facilities are well-maintained to support student learning.

The Division's procedures require staff to establish annual maintenance priorities by considering the information gathered (e.g., feedback provided by the Board; the data in the Maintenance IT System, including outstanding maintenance). The procedures also require staff to develop the annual maintenance plan by reviewing the priorities and considering the budget and other resources available.

We found these procedures, approved in August 2018, reflected the informal process the Division used to create its facility maintenance priorities and its maintenance plan. We also found the Division provided its Board with a comprehensive annual report that includes the results of its monitoring the timely completion of maintenance.

In addition, the Division used the different modules within its Maintenance IT System to assign, document, and update staff workloads. Since 2016, the Division revised the Maintenance IT System to include additional information about facilities and components (e.g., age, condition), needs, actions and priorities, and targeted and monitored levels of service (e.g., cost, completion time).

We found the Division was using its processes to update information in its Maintenance IT System, and the Superintendent of Facilities was monitoring that staff updated this.



3.2 Performance Measures and Targets Set

We recommended that the Board of Education of the Saskatchewan Rivers School Division No. 119 set performance measures and targets for monitoring the effectiveness of its strategies to maintain its facilities.

(2014 Report – Volume 2; Public Accounts Committee agreement January 13, 2016)

Status – Implemented

Saskatchewan Rivers set performance measures and targets for monitoring the effectiveness of its strategies to maintain its facilities.

For example, one of the Division's goals is to have its facility condition index less than 12%.² At March 2018, the Division's facility condition index was 11%.

Saskatchewan Rivers also has performance measures and targets around the number of reactionary maintenance requests its Facilities Department will complete each month, and the percentage of incomplete preventative maintenance requests.

We found that the Board receives annual reports on the performance measures and targets, and on actual results compared to the Division's targets.

² Facility condition index is the amount of deferred maintenance divided by the current replacement value.

Chapter 44

Saskatoon School Division No. 13—Procuring Goods and Services

1.0 MAIN POINTS

Saskatoon School Division No. 13 buys goods and services as part of its mandate to educate students. To manage its risks, Saskatoon Public requires effective processes to procure goods and services with due regard for obtaining best value for the school division and in a way that is fair and transparent.

By August 2018, Saskatoon Public improved its procurement processes by implementing four of the five remaining recommendations we made in our 2014 audit of this area. The Board approved a purchasing policy that sets out the Division's procurement processes and delegation of authority for procuring goods and services. The Division restricted those users who can change supplier information within the financial system, and established processes to appropriately document the receipt of goods and services.

However, Saskatoon Public continued to not consistently assess the validity of new suppliers, as it expects. Not following its established procedures to check the validity of new suppliers increases the risk of having inappropriate suppliers within the financial IT system. Use of inappropriate suppliers increases the risk of making fraudulent payments.

2.0 INTRODUCTION

Saskatoon Public is the largest school division in the province, educating close to 25,000 students annually.¹ School divisions use public resources to acquire goods and services as part of their mandate to provide education to students. School divisions must manage the acquisition of goods and services so that processes are both transparent and display fairness. Ineffective procurement processes could result in the Division not obtaining best value for public money. Saskatoon Public's reputation may be at risk if it does not have effective processes for procuring goods and securing services.

In its 2016-17 audited consolidated financial statements for the year ended August 30, 2017, Saskatoon Public reported spending \$43.9 million on goods and services (2015-16: \$43.9 million).²

This chapter describes our second follow-up of Saskatoon Public's actions on recommendations we first made in 2014. Our *2014 Report – Volume 2*, Chapter 38 identified areas where the Division could improve its procurement processes. We made 11 recommendations. By June 30, 2016, the Division had implemented six recommendations, partially implemented one recommendation, and had not implemented four recommendations.³

¹ *Saskatoon Public Schools 2016-17 Annual Report*, p. 3.

² *Ibid.*, p. 74.

³ *2016 Report – Volume 2*, Chapter 45.



To conduct this audit engagement, we followed the standards for assurance engagements published in the *CPA Canada Handbook – Assurance* (CSAE 3001). To evaluate Saskatoon Public’s progress towards meeting our recommendations, we used the relevant criteria from the original audit. The Division’s management agreed with the criteria in the original audit.

In this follow-up audit, we examined Saskatoon Public’s policies and procedures relating to the procurement of goods and services. We interviewed staff responsible for the procurement of goods and services. To test key aspects of the procurement process, we reviewed the financial system’s user access records, and tested a sample of supplier due-diligence checklists.

3.0 STATUS OF RECOMMENDATIONS

This section sets out each recommendation including the date on which the Standing Committee on Public Accounts agreed to the recommendation, the status of the recommendation at August 24, 2018, and the Division’s actions up to that date.

We found that Saskatoon Public had implemented four recommendations and was working on the remaining recommendation.

3.1 Policies Approved by Board

We recommended that the Board of Education of Saskatoon School Division No. 13 approve the division’s key policies including those related to the procurement of goods and services. (2014 Report – Volume 2, p. 292; Public Accounts Committee agreement January 13, 2016)

Status – Implemented

We recommended that the Board of Education of Saskatoon School Division No. 13 approve a written delegation of authorities policy that sets out the authority for all positions involved in the procurement of goods and services. (2014 Report – Volume 2, p. 291; Public Accounts Committee agreement January 13, 2016)

Status – Implemented

In September 2017, the Board approved a purchasing policy adopting the processes and delegation of authority as set out in the Division’s administrative procedures. Our 2014 and 2016 audit work found the Division purchased goods and services in accordance with these administrative procedures.⁴

The Board policy also strengthened the Division’s procurement processes by setting out:

- The Division’s procurement principles (e.g., best value, transparency, fairness)
- Assignment of responsibility for the management of procurement services

⁴ 2014 Report – Volume 2, Chapter 38 and 2016 Report – Volume 2, Chapter 45.

- Reporting of significant procurement compliance concerns to the Board's Audit and Risk Committee
- Required compliance of all procurement activity with the New West Partnership Trade Agreement and the Canadian Free Trade Agreement^{5,6}

3.2 Process to Document Receipt of Goods and Services Established

We recommended that Saskatoon School Division No. 13 establish processes to appropriately document receipt of goods and services. (2014

Report – Volume 2, p. 300; Public Accounts Committee agreement September 21, 2017)

Status – Intent of Recommendation Implemented

In August 2018, the Division established a process requiring staff responsible for receiving goods and services to document receipt by initialling the invoice before forwarding the invoice to the appropriate manager for approval. The Division communicated this process change to all staff responsible for receiving goods. It plans to update the Division's related administrative procedures as a result.

Prior to August 2018, the Division allowed the same individual to approve the purchase of and receive goods or services (i.e., did not separate incompatible duties).⁷ Not requiring separate individuals to document receipt and approval of purchases increases the risk of fraudulent activities (e.g., purchasing goods that do not have a business purpose or are for personal use).

In addition, the Division assessed the risk of it not documenting the receipt of office supplies as acceptably low. It plans to continue with its current practice of paying invoices for office supplies without confirming the receipt of the goods with schools. Each year, the Division buys over \$650,000 of office supplies (about 1.5% of its annual spending). Management formally documented its risk assessment in June 2018 and informed the Board's Audit and Risk Committee of its plans in September 2018. The Committee accepted management's assessment and plans.

Based on our review of management's formal risk assessment and the Audit and Risk Committee's acceptance of this risk along with actions to properly document receipt of non-office supply goods and services, we deem the intent of this recommendation to be implemented.

⁵ The New West Partnership Trade Agreement is an accord between the governments of British Columbia, Alberta, Manitoba, and Saskatchewan that creates Canada's largest, barrier-free, interprovincial market. www.newwestpartnershiptrade.ca/the_agreement.asp (31 July 2018).

⁶ The Canadian Free Trade Agreement is an intergovernmental trade agreement signed by Canadian Ministers that came into force on July 1, 2017. Its purpose is to reduce and eliminate, to the extent possible, barriers to the free movement of persons, goods, services, and investments within Canada to establish an open, efficient, and stable domestic market. www.cfta-alec.ca (31 July 2018).

⁷ Incompatible duties are job duties that place an employee or department in a position to commit and conceal errors or wrongdoings in the normal course of his or her duties. For examples, an employee who approves an item for purchase should not receive the item; an employee who approves invoices for payment should not reconcile a bank account.



3.3 User Access Reviewed

We recommended that Saskatoon School Division No. 13 periodically assess the appropriateness of user access to make changes to the suppliers within the financial system (e.g., create, edit). (2014 Report – Volume 2, p. 299; Public Accounts Committee agreement January 13, 2016)

Status – Implemented

By August 2018, the Division reviewed and updated access of users to change suppliers within its financial IT system (e.g., add or delete suppliers, or change supplier address). Our review of the financial system found that user access to change suppliers was appropriate.

In addition, in August 2018 the Purchasing Department updated its year-end checklist to include the assessment of user access on an annual basis to make sure the review takes place.

3.4 Validity of Suppliers Not Consistently Assessed

We recommended that Saskatoon School Division No. 13 follow its established procedures for assessing the validity (e.g., existence, ownership) of suppliers. (2014 Report – Volume 2, p. 299; Public Accounts Committee agreement January 13, 2016)

Status – Not Implemented

For two of five new suppliers tested, we found that Purchasing Services did not complete the application form or the due-diligence checklist as the Division expects.⁸ These findings are consistent with our 2014 and 2016 audits.

Management indicated the Division plans to implement a monthly process to monitor new suppliers so that it can consistently assess the validity of new suppliers.

Not following established procedures about the review of new suppliers increases the risk of authorizing or creating inappropriate suppliers within the financial IT system. Use of inappropriate suppliers increases the risk of making fraudulent payments.

⁸The Division requires all new suppliers to complete an application form, which Purchasing Services uses to complete a supplier due-diligence checklist. The Division uses this checklist to assess the validity of new suppliers (e.g., searching for a supplier website, observing the supplier's office, searching the phone book).

Chapter 45

SaskPower—Buying Power from Independent Power Producers

1.0 MAIN POINTS

SaskPower improved its processes to buy power from independent power producers by implementing all four recommendations from our 2015 audit, and a related recommendation in the *Crown Investments Corporation SaskPower Smart Meter Procurement and Contract Management Review*.

Since 2015, SaskPower updated its procurement procedures related to buying power from independent power producers. The updated procedures more clearly guide the use of fairness advisors to help ensure SaskPower follows a fair and transparent procurement process. The procedures also require written evaluations of the technical merit of proposals, and the abilities of independent power producers submitting proposals. These evaluations give SaskPower insight as to whether a producer can successfully develop, own, operate, and maintain a proposed project. SaskPower also documented and assessed key risks when determining what information it requires in proposals from power producers and how to verify it.

For unsolicited power proposals, SaskPower communicated its evaluation process and criteria to power producers submitting them. Also, it consistently evaluated unsolicited proposals received using processes similar to those for solicited proposals.

2.0 INTRODUCTION

SaskPower is responsible for the generation, transmission, distribution, purchase, sale, and supply of electrical energy (power) in Saskatchewan.¹ As part of its responsibilities, SaskPower operates with \$11.5 billion in generation, transmission, distribution, and other assets to provide power to over 533,000 customer accounts within Saskatchewan's geographic area of approximately 650,000 square kilometres.²

SaskPower uses, as a source of power, a mix of self-generated and purchased power (e.g., purchased from independent power producers). In 2017, SaskPower spent about \$385.8 million to buy power from 30 independent power producers.³ An independent power producer refers to individuals or corporations that SaskPower enters into an agreement with to supply power typically for at least a 20-year period.

In our *2015 Report – Volume 1*, Chapter 17, we concluded that, as of February 28, 2015, SaskPower had, other than for areas reflected in our four recommendations and a related recommendation in the *Crown Investments Corporation SaskPower Smart Meter*

¹ *The Power Corporation Act*, s.8.

² Saskatchewan Power Corporation, *2017-18 Annual Report*, p. 2.

³ Information provided by SaskPower management.



Procurement and Contract Management Review, effective processes to procure power from independent power producers.^{4,5}

This chapter describes our first follow-up of management's actions on those recommendations.

To conduct this audit engagement, we followed the standards for assurance engagements published in the *CPA Canada Handbook – Assurance* (CSAE 3001). To evaluate SaskPower's progress towards meeting our recommendations, we used the relevant criteria from the original audit. SaskPower management agreed with the criteria in the original audit.

To carry out this follow-up audit, we reviewed SaskPower's related approved policies and procedures, and minutes from meetings of its Board and senior management. In addition, we interviewed relevant SaskPower staff, examined key procurement documents (e.g., risk assessments, requests for proposals) and tested a sample of proposals.

3.0 STATUS OF RECOMMENDATIONS

This section sets out each recommendation, the status of the recommendation at August 15, 2018, and SaskPower's actions up to that date. For our recommendations, it includes the date on which the Standing Committee of Crown and Central Agencies agreed to the recommendation.

We found that SaskPower implemented all five recommendations.

3.1 Procedures for Independent Power Procurement Updated

We recommended that SaskPower update its procurement policies to specifically require when buying power from independent power producers:

- ***The use of fairness monitors***
- ***Written evaluations of independent power producers abilities (experience and financial resources)***
- ***Written evaluations of the technical merit of independent power producers' proposals***

(2015 Report – Volume 1; Crown and Central Agencies Committee agreement December 13, 2016)

Status – Implemented

⁴ We reported the original audit work in *2015 Report – Volume 1* (Chapter 17, pp. 205-225). auditor.sk.ca/publications/public-reports/item?id=138 (18 July 2018).

⁵ Because, at February 2015, SaskPower had committed to implementing all of the recommendations set out in in the Crown Investments Corporation SaskPower Smart Meter Procurement and Contract Management Review (Appendix C), our Office did not make a separate recommendation about strengthening its procurement policies to require documented risk assessments. The review was dated October 27, 2014 and is available at www.cicorp.sk.ca/+pub/Documents/SMART%20METERS/CIC%20Smart%20Meter%20Review%202014%20complete.pdf (08 Aug 2018).

In 2016, SaskPower updated its procurement procedures to include the use of fairness monitors (also called fairness advisors), and require formal evaluation of the abilities of independent power producers submitting proposals, and the technical merit of their proposals.

The updated procurement procedures include clear guidance for using fairness advisors for complex procurements. They require the use of a fairness advisor for any procurement over \$50 million. This requirement is consistent with the *Crown Sector Procurement – Multi Stage Procurement Policy* established by the Crown Investments Corporation of Saskatchewan.⁶ Also, we found that SaskPower uses a fairness advisor for smaller projects if the competition is considered to be complex or sensitive.

Fairness advisors are to provide an independent review and assessment of whether SaskPower follows its tendering policies during competitive procurements. Fairness advisors are not SaskPower staff. They are third party independent advisors who focus on procedural fairness (that is, how things are proceeding from the perspective of fairness and transparency); they are not actively involved in evaluating proposals or selecting the successful proponent. Their involvement helps SaskPower to consistently use a fair and equitable procurement process.

Concurrently, SaskPower updated its procedures to require staff to document evaluations of the ability of the independent power producer submitting the proposal to successfully develop, own, operate, and maintain the proposed project, and the technical merit of the proposal. It evaluates technical competence and experience, financial viability, relevant skills, expertise, and availability of key personnel. We tested the use of the process in the 2016-17 project to buy wind-generated power and found that SaskPower was following its updated procedures.

SaskPower's senior management reviews these procedures annually.

Having procurement procedures that incorporate all key expectations increases the likelihood of staff consistently using a fair and equitable procurement process.

3.2 Risk Assessments Determined Requirements for Proposals from Independent Power Producers

We recommended that SaskPower document its rationale for key requirements set in Request for Proposals and related due diligence requirements as part of the competitive independent power producer procurement process. (2015 Report – Volume 1; Crown and Central Agencies Committee agreement December 13, 2016)

Status – Implemented

The risk assessment process should be strengthened in the Purchasing Policy & Procedures to clearly require a more thorough consideration, documentation and evaluation of risks as potential risk indicators are identified during the development of a procurement strategy, as part of

⁶ Crown Investments Corporation of Saskatchewan, Subsidiary Crown Policy Manual. www.cicorp.sk.ca/+pub/Documents/crownpolicy/Crown%20Sector%20Procurement%20Multi%20stage%20procurement.pdf (18 September 2018).



project planning, and monitored for new or changing risks during the period of the contract. (Crown Investments Corporation SaskPower Smart Meter Procurement and Contract Management Review: Appendix A)⁷

Status – Implemented

SaskPower documented and assessed key risks when determining what information it requires from independent power producers and the work to be verified for due diligence by staff in power procurement proposals.

The updated procedures require a thorough, documented risk assessment each time SaskPower decides to tender for power generated by independent power producers. The procedures provide an extensive list of risks (e.g., financial risks, operational risks, technical risks) for staff to consider during these assessments.

SaskPower also uses its risk assessment to determine the key information requirements for its requests for proposal and qualification procurement documents. It uses those documents to specify information required in power proposals prepared by independent power producers.

In 2016-17, SaskPower completed a detailed risk assessment for its project to buy wind-generated power from independent power producers. It used this assessment to document the due diligence work performed by staff.

We found that, for this project, SaskPower prepared its risk assessment, and request for proposal as its updated procurement procedures expected. It considered key financial risks (e.g., ability to complete the project due to financial difficulties), technical risks (e.g., issues with interconnectivity with SaskPower grid), and operational risks (e.g., construction and labour availability) related to this project. The documented risk assessment outlined root causes of identified risks, and SaskPower's mitigating actions. It identified gaps in mitigating actions, and initiatives to lower risk.

In addition, we found that SaskPower based its requests for proposal and qualifications for this project on its documented risk assessment. For example, SaskPower required independent power producers responding to the requests to submit audited financial statements and credit checks. SaskPower used this information to assess the financial stability of producers such as whether the producer could afford to meet its obligations for the power proposal under consideration.

Completing a detailed risk assessment and incorporating this into its procurement requirements helps SaskPower demonstrate it has appropriately considered the level of risk to assign to the independent power producer and the level of risk to retain. It also shows how SaskPower plans to mitigate risks it retains, and helps ensure it has sufficient and timely information to monitor risks over the term of the arrangement.

⁷ www.cicorp.sk.ca/+pub/Documents/SMART%20METERS/CIC%20Smart%20Meter%20Review%202014%20complete.pdf (8 August 2018).

3.3 Consistent Processes Used to Evaluate Unsolicited Power Proposals

We recommended that SaskPower use consistent processes to evaluate unsolicited proposals provided to SaskPower from potential independent power producers interested in selling it power. (2015 Report – Volume 1; Crown and Central Agencies Committee agreement December 13, 2016)

Status – Implemented

SaskPower consistently used its documented process to evaluate unsolicited power proposals received from independent power producers interested in selling power to SaskPower. SaskPower had documented, and senior management approved, this process in 2016. The process aligns with SaskPower's procurement policy and procedures.

Unsolicited power proposals are proposals submitted to SaskPower that are not in response to a request for proposal or request for qualifications. Since 2015 (the time of our initial audit), SaskPower received about 31 unsolicited power proposals from independent power producers.

SaskPower evaluates unsolicited power proposals similar to solicited proposals. It considers both the financial viability of the power producer and technical merit of the proposals when evaluating unsolicited power proposals received. For proposals that advance to the final stages of the process, SaskPower assesses other related risks (e.g., carbon footprint, stakeholder expectations).

For five unsolicited power proposals we tested that SaskPower received since January 2017, SaskPower followed its documented evaluation process for each.

Having an approved process that outlines all expectations for assessing unsolicited proposals helps ensure that SaskPower consistently uses a fair and equitable procurement process, and chooses power producers that are able to deliver the power required.

3.4 Unsolicited Power Proposal Process Communicated

We recommended that SaskPower communicate to independent power producers who submit unsolicited proposals to supply power, the evaluation process and criteria against which unsolicited power proposals are considered. (2015 Report – Volume 1; Crown and Central Agencies Committee agreement December 13, 2016)

Status – Implemented

SaskPower communicated its unsolicited power proposal evaluation process and evaluation criteria to independent power producers who submit unsolicited proposals to sell power to SaskPower.



In November 2015, SaskPower approved an unsolicited power proposal summary that it shares with potential power producers upon request. This document outlines the steps involved in submitting an unsolicited proposal, required information, and key criteria used to evaluate proposals to supply power.

In addition, SaskPower's senior management approved guidance for staff on handling and considering unsolicited proposals. Guidance sets out standard messages to communicate for each type of power producer technology (e.g., natural gas, cogeneration). For technologies where SaskPower accepts unsolicited proposals, it outlines accepted power purchase prices by power-generation type (e.g., \$/MWh for wind generated power).⁸ Management indicated SaskPower recognizes power purchased through unsolicited power proposals must be competitive with power purchased or generated from other SaskPower programs for the project to be considered financially viable. For example, SaskPower has set the accepted price (\$/MWh) for consideration of flare gas projects on its website.⁹

For SaskPower's communications for each of five unsolicited power proposals we tested, SaskPower communicated the evaluation process, progress updates, and results with the power producer in accordance with SaskPower's established process.

⁸ Megawatt hour (MWh) is a unit of bulk energy. It is a common unit to describe energy consumption.

⁹ Saskpower.com/efficiency-programs-and-tips/generate-your-own-power/self-generation-programs/flare-gas-power-program (10 September 2018)

Chapter 46

Social Services—Protecting Children in Care

1.0 MAIN POINTS

By August 2018, the Ministry of Social Services had improved its processes to protect children in care. The Ministry implemented four of five remaining recommendations and partially implemented one recommendation.

The Ministry adequately monitored whether its staff and First Nation Child and Family Services agencies who provide child protection services complied with the Ministry's child protection standards. Monitoring compliance with standards helps the Ministry protect children in care.

While the Ministry has robust agreements with First Nations agencies who provide child protection services, it needs to receive timely and accurate reports from them. This would enable the Ministry to monitor the well-being of children in care throughout the year.

2.0 INTRODUCTION

Under *The Child and Family Services Act*, the Minister of Social Services can intervene on a child's behalf if the child is in need of protection due to physical, sexual, or emotional abuse or neglect. The Ministry has services designed to protect children from abuse or neglect and provides care for children requiring protection and out-of-home care (e.g., foster care).

Children placed in out-of-home care can be either wards or non-wards.¹ The Minister assumes legal responsibility for wards and acts as a parent with the rights and obligations of a parent. For children who are wards of the Minister, the Ministry continues to be responsible for ensuring those children receive appropriate care whether on or off reserve.

At March 31, 2018, 17 First Nations agencies and the Ministry's three services areas provided services to children in out-of-home care.² At March 31, 2018, the Ministry reported it had 5,257 children in out-of-home care. Of those children, 1,980 children were non-wards and 3,277 children were wards of the Minister. Of those children who were wards of the Minister, the Ministry's staff (caseworkers) cared for 94.3% of the children and First Nations agencies cared for 5.7% of the children.³

This chapter describes the results of our second follow-up of the actions of the Ministry on five outstanding recommendations related to the Ministry's processes to protect children in care. In our *2013 Report – Volume 2*, Chapter 24, we reported on the Ministry's controls to protect children in care. There were seven outstanding recommendations. By March 2016, as reported in our *2016 Report – Volume 1*, Chapter 33, the Ministry had implemented two of the seven recommendations.

¹ A non-ward is a child that the courts may place in the custody of a person of sufficient interest (i.e., has a close connection with the child) rather than the Minister.

² The Ministry has divided the province into three service areas (i.e., south, center, north).

³ First Nations agencies also care for children who are under the responsibility of Indigenous Services Canada. At March 31, 2018, First Nations agencies were also responsible for the care of 1,059 children.



To conduct this follow-up audit engagement, we followed the standards for assurance engagements published in the *CPA Canada Handbook – Assurance* (CSAE 3001). To evaluate the Ministry's progress towards meeting our recommendations, we examined agreements, quality assurance reports, and other relevant documents. We also tested a sample of monthly and annual reports, and interviewed Ministry staff as necessary.

3.0 STATUS OF RECOMMENDATIONS

This section sets out each recommendation including the date on which the Standing Committee on Public Accounts agreed to the recommendation, the status of the recommendation at August 24, 2018, and the Ministry's actions up to that date. We found that the Ministry fully implemented four recommendations and partially implemented the remaining recommendation.

3.1 Compliance with Standards Adequately Monitored

We recommended that the Ministry of Social Services follow its processes to ensure that children in care are protected. (2003 Report – Volume

3; Public Accounts Committee agreement September 28, 2004)

Status – Implemented

We recommended that the Ministry of Social Services adequately monitor the First Nation Child and Family Services agencies' compliance with the Ministry's standards for approval of out-of-home care providers.

(2008 Report – Volume 3; Public Accounts Committee agreement December 9, 2008)

Status – Implemented

The Ministry adequately monitors its service areas and First Nations agencies' compliance with Ministry standards to ensure children in care are protected.

The Ministry has detailed rules and procedures (standards) that caseworkers are to follow to help protect children in care. These standards apply to all children, including those who are in the care of First Nations agencies. They set out specific processes for providing out-of-home care. For example, standards define requirements for child development plans, and how often caseworkers must meet with foster parents and children. In addition, they include procedures about out-of-home care providers (e.g., completing criminal record checks on all adults living in the home at time of home study).

The Ministry, through its Quality Assurance Unit, conducts annual quality assurance reviews to monitor compliance of First Nations agencies and service areas with its standards.

For each review, the Quality Assurance Unit prepares a findings report. Reports include recommendations to help staff improve compliance with standards. The Unit vets its reports with management who are the focus of its review (e.g., service areas) prior to issuing the final report. The Ministry requires staff to provide it with a response and action plan to address the recommendations. The Ministry monitors whether the service areas and the First Nations agencies complete the planned actions.

The Ministry has dedicated staff to work with First Nations agencies to resolve identified issues. Since 2016, staff who work with First Nations agencies develop work plans to assist the First Nations agencies in addressing recommendations from annual quality assurance reviews. Work plans are to set out objectives, results expected, and work undertaken.

For example, the one work plan we examined included an objective to enhance service delivery on reserve. It outlined that Ministry staff would support the First Nations agency's supervisor in understanding and using the child protection standards. Staff met with the First Nations agency at least once a month and provided training, on-site support, and reviewed policies.

We found the Unit's reviews and the Ministry's follow up of its recommendations sufficient and robust.

The Ministry recognizes compliance with each child protection standard (compliance rate) will vary from year-to-year given a number of factors (e.g., turnover of child protection workers).

The Ministry has set a longer-term target of 85% compliance for each child protection standard. Each year, the Ministry assesses the compliance rate and outlines the level of improvement required for the standard for the next year.⁴ It expects to continue this process until a compliance rate of 85% is achieved.

As shown in **Figure 1**, we found the compliance rates for a number of key child protection standards varied over the last three years as the Ministry expects. Over the last three years, the Ministry's service areas and the First Nations agencies improved compliance with some standards (e.g., completed criminal record checks) whereas compliance declined for some others (e.g., maintaining current child development plans).

Figure 1—Compliance Rates with Child Protection Standards

Child Protection Standard	First Nations Agencies			Service Areas		
	2015	2016	2017	2015	2016	2017
Maintain current child development plans every 120 days	67%	73%	61%	50%	65%	51%
Have contact with the child within the first two days of placement	42%	62%	33%	48%	70%	67%
Complete home safety checks at foster homes	76%	70%	69%	63%	71%	88%
Review foster homes on an annual basis	66%	69%	59%	59%	58%	73%
Complete criminal record checks at the time of home study	72%	76%	77%	84%	88%	90%

Source: Ministry of Social Services quality assurance reports.

We found the Ministry actively monitors compliance rates, and took steps to improve compliance with specific standards when they are lower than it expected.

⁴ Management indicated that if the target compliance rate is not met during the year, the target would remain unchanged the following year (i.e., targets would not decrease).



3.2 Child Protection Files Reviewed

We recommended that the Ministry of Social Services seek regular personal contact with children who are wards of the Minister and regularly review the First Nation Child and Family Services agencies' child protection files. (2008 Report – Volume 3; Public Accounts Committee agreement December 9, 2008)

Status – Implemented

The Ministry seeks regular personal contact with children who are wards of the Minister, and regularly reviews the First Nations agencies' child protection files to monitor their contact with children in the care of the agency.

Since June 2016, the Ministry has had access to all child-care files and other resource files (e.g., foster care home files) of all First Nations agencies providing child protection services.⁵ The Ministry's Quality Assurance Unit examines these files as part of its annual review mentioned in **Section 3.1**.

The Ministry's Quality Assurance Unit examines, on site, and assesses the case management practices and compliance with established child protection standards of each First Nations agency each year.

We found that in 2016 and 2017, the Quality Assurance Unit reviewed child-care files and other resource files that were formerly the responsibility of the Saskatoon Tribal Council.⁶

We found the Quality Assurance Unit monitored case management practices and compliance with standards of each First Nations agency, as expected.

3.3 Agreements in Place with First Nations Agencies

We recommended that the Ministry of Social Services make agreements with First Nation Child and Family Services agencies to require timely and relevant information to ensure proper care for children who are wards of the Minister. (2008 Report – Volume 3; Public Accounts Committee agreement December 9, 2008)

Status – Implemented

The Ministry has signed delegation agreements with 16 of the 17 First Nations agencies who provide services to children in care. It intends to sign a delegation agreement with the remaining First Nations agency, Yorkton Tribal Council, in the near term.

As of August 2018, the Ministry is working with the Yorkton Tribal Council on matters related to reporting and accountability (e.g., submitting monthly reports on children in

⁵ In June 2016, the Ministry terminated its delegation agreement with Saskatoon Tribal Council. It took responsibility to provide all child protection services to the First Nations Bands and their members that were previously under Saskatoon Tribal Council's authority.

⁶ Up to June 2016, the Ministry engaged Saskatoon Tribal Council to provide child protection services. The Saskatoon Tribal Council granted Ministry access only to the child care files of the children who were transferred from the Ministry to the Saskatoon Tribal Council. The Ministry was unable to review other child-care files, family service files, or resource files.

its care). The Ministry expects to sign the new delegation agreement with the Yorkton Tribal Council in the fall of 2018.

3.4 Consistent Receipt of Complete and Timely Reports from First Nations Agencies Needed

We recommended that the Ministry of Social Services implement a system to know how many children are the Minister's responsibilities, who they are, and where they live. (2008 Report – Volume 3; Public Accounts Committee agreement December 9, 2008)

Status – Partially Implemented

The Ministry did not always receive from the First Nations agencies timely or complete information about how many children are the Minister's responsibility, who they are, and where they live.

Each First Nations agency, in agreements with the Ministry, agrees to give the Ministry monthly or annual reports of all children taken into care within prescribed timeframes.

Monthly reports are to include the name of the child, child's date of birth, date of intake (i.e., admission), caregiver name, and date of discharge (if applicable).

Annual reports are to include other information related to child and family services such as a listing of approved homes (e.g., foster homes), and a listing of agency staff with qualifications, completion of criminal record checks, and vulnerable sector checks.

We found the Ministry did not receive monthly reports within the agreed-upon dates (i.e., within six weeks after the end of the reporting month), and some reports did not include all of the required information. For 16 monthly reports we tested:

- The Ministry had received a listing of children taken into care.
- Just over one-tenth of the reports did not include the date of intake, and over one-half of them did not include the caregiver name. We found the Ministry did not request missing information.
- Over one-half were submitted between 33 to 291 days late. We found that the Ministry did not follow up late reports.

While the Ministry tracks the submission of annual reporting requirements using an excel spreadsheet, we found it did not check the completeness of information submitted or follow up with staff on missing reports or information. We also found the Ministry did not receive the annual reports within the agreed-upon dates (i.e., within three months after year end). For the annual reports of four First Nations agencies tested:

- Two reports missed some of the required annual information. For example, one report did not provide the list of approved homes, and the other did not provide a listing of agency staff with qualifications, completion of criminal record checks, and vulnerable sector checks. As of August 2018, the Ministry had not received these reports.



- Three reports had only part of the required information. For example, while the report provided a listing of agency staff with qualifications, it did not set out whether criminal record checks or vulnerable sector checks of those staff were done.
- Two reports were received 3 and 25 days late.

Without the receipt of timely and complete information from the First Nations agencies, the Ministry increases the risk of not having sufficient information to enable it to monitor the care of children receiving child protection services from First Nations agencies. The Ministry remains responsible for the care of children who receive child protection services from First Nations agencies.

Chapter 47

Social Services—Protecting Children-in-Care Information in the Linkin System

1.0 MAIN POINTS

The Ministry uses an electronic case management system, Linkin, to support the delivery of its programs and services for children in care. Linkin contains confidential information about children in care (and their families). Accurate and secure information in Linkin helps ensure children who are in the care of the Minister are properly protected and cared for.

As of August 2018, while the Ministry of Social Services made progress in better protecting information in its Linkin system about children in care, it has further work to do to protect information in Linkin from known security vulnerabilities.

Since 2016, the Ministry implemented three of the four recommendations made in our 2016 audit regarding protecting information about children in care. The Ministry established a checklist and timeframes for removing user access to Linkin. It followed its processes for verifying the completeness of childcare provider information in Linkin. Also, the Ministry consistently documented its review and approval of Linkin payment reports used to identify unusual payments.

However, it needs to upgrade the Linkin system, and develop a long-term plan for keeping Linkin up-to-date. Not updating systems in a timely manner makes them susceptible to compromise and failure.

2.0 INTRODUCTION

This chapter describes our first follow-up of management's actions on the recommendations we made in 2016.

In our *2016 Report – Volume 1*, Chapter 17, we concluded that for the 12-month period ended December 31, 2015, the Ministry of Social Services had, other than the areas identified in our four recommendations, effective processes to protect information about children in care in the Linkin system.

To conduct this audit engagement, we followed the standards for assurance engagements published in the *CPA Canada Handbook – Assurance* (CSAE 3001). To evaluate the Ministry's progress towards meeting our recommendations, we used the relevant criteria from the original audit. Ministry management agreed with the criteria in the original audit.

For the follow-up audit, we focused our audit effort on testing a sample of terminated and transferred Linkin users, interviewing key Ministry staff, assessing a sample of caregivers' information in Linkin, and reviewing Linkin reports.



3.0 STATUS OF RECOMMENDATIONS

This section sets out each recommendation including the date on which the Standing Committee on Public Accounts agreed to the recommendation, the status of the recommendation at August 31, 2018, and the Ministry of Social Services actions up to that date. We found that the Ministry of Social Services had implemented three of the recommendations, and partially implemented one.

3.1 Implementation of Updates to Linkin Needed

We recommended that the Ministry of Social Services establish a written plan for updating its Linkin system to protect it from known security vulnerabilities. (2016 Report – Volume 1; Public Accounts Committee agreement March 14, 2017)

Status – Partially Implemented

The Ministry's Linkin system is not up-to-date. The Ministry does not have a long-term plan for keeping the Linkin system up-to-date to protect it from known security vulnerabilities.

The Linkin application has not received a security patch or update since 2015. The vendor began phasing out regular support for the Linkin application in 2016, and has offered extended support since then (e.g., help desk support). For 2017-18 the Ministry signed an extended support agreement, at a cost of \$250,000. The Ministry advised us that delays in system upgrades have resulted in numerous errors and workarounds for its front-line staff that use Linkin.

The Ministry developed a plan with the Ministry of Central Services to upgrade the Linkin application by March 2019. The upgrade is expected to cost the Ministry over \$2 million.

At August 2018, the Ministry had not developed a plan for upgrading and patching Linkin over its expected remaining life. It expects to use the Linkin system for the foreseeable future. Such a plan is necessary to facilitate a schedule and budget for upgrading and patching Linkin over its expected remaining life.

Routinely upgrading and patching is key to address the risk exposure of sensitive and business critical systems, like Linkin. Allowing applications to exceed their end-of-support dates makes them susceptible to compromise and failure. Timely security patches (e.g., annual or more frequent) provide protection against known vulnerabilities.

3.2 Expected Timeframes for Removing User Access Established

We recommended that the Ministry of Social Services set out, in a policy, expected timeframes for removing Linkin user access. (2016 Report – Volume 1; Public Accounts Committee agreement March 14, 2017)

Status – Implemented

The Ministry established reasonable timeframes for removing Linkin user access, and was removing access within those timeframes.

The Ministry requires Linkin users have system access removed on an employee's last day of employment or the day they transfer to a position that no longer requires Linkin system access.

In 2017, the Ministry created a checklist, which supervisors complete upon an employee's last day of employment or transfer. This checklist requires removing the employee's IT user access, as well as collecting the employee's token (which is small hardware device that users must use to access Linkin) immediately.

We found, through our testing of 15 terminated or transferred users, Ministry supervisors were appropriately completing the checklist in a timely manner.

3.3 Childcare Provider Information Appropriately Verified in Linkin

We recommended that the Ministry of Social Services follow its processes to verify the completeness of Linkin case management information entered about care providers of children in care. (2016 Report – Volume 1; Public Accounts Committee agreement March 14, 2017)

Status – Implemented

The Ministry sufficiently verified care provider information in Linkin.

The Ministry has documented responsibilities for entering information into Linkin once childcare providers' applications are received. The process establishes who is responsible for entering, reviewing, and approving (i.e., verifying) childcare provider information.

For the five items we tested, childcare providers' information was appropriately entered and approved in Linkin.

3.4 Unusual Payment Reports Reviewed

We recommended that the Ministry of Social Services consistently document its review of Linkin reports designed to identify unusual payments. (2016 Report – Volume 1; Public Accounts Committee agreement March 14, 2017)

Status – Implemented

The Ministry routinely reviewed Linkin reports for unusual payments.

The Ministry's Financial Services Branch is responsible for approving Linkin reports and payments made to care providers. The Branch receives daily Linkin reports. These reports identify unusual payments such as payments exceeding \$10,000 to individual care providers, and supervisor overrides exceeding \$1,500.



Linkin tracks these overrides, and puts the payment on hold until the division manager approves it. If the override exceeds \$1,500, the Financial Services Branch must follow up with the manager and supervisor responsible for the childcare provider to verify the accuracy of the override.¹

The Ministry maintains a listing of all childcare providers who it has approved to receive payments exceeding \$10,000.

We assessed whether individuals on this listing were appropriate and properly approved. For a sample of eight payments over \$10,000 we tested, the Ministry's Financial Services Branch followed its process to identify and approve these high-value payments. Also, we examined one override exceeding \$1,500, and found the Ministry followed its processes.

In addition, we confirmed the Ministry has a validation process to confirm the daily payment amounts approved in Linkin equal the amounts approved for payment in the Government's key financial system (called MIDAS).² This system issues payment by cheque or electronic fund transfer.

¹ Supervisor overrides are where a supervisor has changed (overridden) the amount of the payment.

² Multi-Informational Database Applications System (MIDAS) financials includes modules for general ledger, cash management, accounts payable, accounts receivable, purchasing, payments, forecasting, capital assets, and inventory. It accounts for financial transactions of government ministries. The Ministry of Finance owns and administers this application.

Chapter 48

Western Development Museum – Removing Historical Artifacts Permanently

1.0 MAIN POINTS

By August 2018, the Western Development Museum had implemented four of the eight recommendations made in our 2016 audit of its process to permanently remove historical artifacts. It partially implemented three and did not implement one of the recommendations.

The Museum's Board of Directors had revised its delegation of authority to permit the Chief Executive Officer to approve changes to operational policies. The Museum had updated curatorial staff job descriptions to clarify expectations for the identification of potential artifacts for deaccessioning and disposal.¹ It used its database to run reports to analyze its collections. Management disposed of deaccessioned artifacts that were no longer significant to the Museum's collection and annually reported disposals to its Board.

The Museum continues to work on updating its *Collections Management Policy* to set out:

- Expectations for staff to actively identify artifacts for removal
- Guidance to staff about artifact removal
- Expectations for timely disposals
- A systematic review of its collections to identify artifacts to remove

Having strong processes for determining which artifacts to remove from a museum collection and when is the key to effectively maintaining and managing museum collections. Reviewing collections and removing artifacts helps the preservation of artifacts, relieves storage pressures and helps control costs.

2.0 INTRODUCTION

2.1 Background

The Western Development Museum is responsible for collecting, preserving, restoring, and exhibiting objects of historical value and importance to Saskatchewan and for their disposal under *The Western Development Museum Act*.²

The Act gives a Cabinet-appointed Board of Directors authority to manage the Museum's collection. It has a collection of over 75,000 artifacts making it the largest human history museum in Saskatchewan.³

¹ Deaccessioning is the process of removing an artifact from a museum collection prior to disposing.

² Sections 12 and 17 of the *Western Development Museum Act*.

³ Western Development Museum, *2016-2017 Annual Report*, p. 20.



Since its creation in 1949, the Museum has collected and displayed artifacts of artistic, cultural, historical or scientific significance to the province.⁴ The majority of the artifacts are of historical value and importance connected with the economic and cultural development of western Canada. Now the museum focuses on collecting artifacts representative of Saskatchewan’s human history from the beginning of the settlement period (circa 1870) to present.

The Museum has four exhibit locations—Moose Jaw, North Battleford, Saskatoon, and Yorkton. Respectively, each location focuses on a different theme: transportation, agriculture, economy, and people. It has a staff of about 50 full-time employees including a Curator and a Collections Manager who have primary responsibility for managing the collection. Each year, the Museum has over 200,000 visitors to its four locations.⁵ Permanent removal of artifacts helps maintain the relevance of the collections while managing costs and storage space.

2.2 Audit Focus

This chapter describes our follow-up of management’s actions on the recommendations we made in our 2016 audit about the Museum’s processes to permanently remove historical artifacts from its collections.

In our *2016 Report – Volume 2*, Chapter 30, we concluded that the Museum had, except in the area of our eight recommendations, effective processes to permanently remove historical artifacts from its collections.

To conduct this audit engagement, we followed the standards for assurance engagements published in the *CPA Canada Handbook – Assurance* (CSAE 3001). To evaluate the Museum’s progress towards meeting our recommendations, we used the relevant criteria from the original audit. Management agreed with the criteria in the original audit.

During our follow-up audit, we interviewed Museum staff to discuss key actions that management has taken since our 2016 audit to implement the outstanding recommendations. We reviewed supporting documentation, communications, and policies to obtain an understanding of these actions. We also tested a sample of 30 artifact disposals made during the audit period.

3.0 STATUS OF RECOMMENDATIONS

This section sets out each recommendation including the date on which the Standing Committee on Public Accounts agreed to the recommendation, the status of the recommendation at August 31, 2018, and the Museum’s actions up to that date.

⁴ <https://wdm.ca/AboutUs/index.htm#operations> (8 August 2018).

⁵ Western Development Museum, *2016-2017 Annual Report*, (2017), p. 8.

3.1 Policy Approval Process Followed

We recommended that management follow established policies and seek approval of the Board of the Western Development Museum for revisions to policies. (2016 Report – Volume 2; Public Accounts Committee agreement March 21, 2017)

Status – Implemented

The Museum implemented changes to its policy approval process.

In June 2017, the Board approved changes to its Governance Policy to authorize its Chief Executive Officer to approve operational policies.

We found that management informs the Board of any changes to policies at each Board meeting. The Museum is following its policy for the approval of revisions to its operational policies.

3.2 Written Guidance and Expectations for Staff Involvement in Artifact Removal Not Finalized

We recommended that the Western Development Museum provide its staff with written guidance on:

- ***Systematically identifying artifacts for removal from its collections***
- ***Reporting aggregate artifact deaccessioning and disposal activities to the Board***
- ***When to obtain independent appraisals of artifacts***

(2016 Report – Volume 2; Public Accounts Committee agreement March 21, 2017)

Status – Partially Implemented

We recommended that the Western Development Museum Collections Management Policy clarify its expectations of staff to actively assist in identifying artifacts for removal. (2016 Report – Volume 2; Public Accounts Committee agreement March 21, 2017)

Status – Not Implemented

At August 2018, the Museum developed a tool (a worksheet) to help staff assess the condition of artifacts and help them identify artifacts to remove from its collection, but it had not yet finalized revisions to its *Collections Management Policy*. The Museum expects to do so by the spring of 2019.

In the fall of 2017, management developed the deaccessioning and disposal worksheet to improve the consistency of documentation for the disposal of artifacts, and to guide staff in assessing the condition of artifacts. This worksheet requires the Chief Executive Officer to approve, in writing, any items recommended for disposal. The Museum implemented the worksheet in December 2017.



We found the worksheet outlines criteria to enable making consistent assessments of the condition of artifacts, and sets out recommended actions based on assessed condition of the artifact (e.g., repair, dispose).

Management expected a revised *Collections Management Policy* would include guidance about identifying artifacts for removal, when to obtain an independent appraisal of artifacts, and the role of staff in actively identifying artifacts for removal from its collections.

It did not expect to develop written guidance on reporting to the Board. Instead it started a new reporting practice. Starting in 2017, the Museum management annually gave its Board a report of the artifacts deaccessioned and disposed of during the year.

We found the report included sufficient information to enable monitoring of the removal of artifacts from the collection. For example, the report included a comparison of the number of artifacts disposed over the past three years.

Guidance for a systematic and consistent process to identify artifacts for removal from museum collections helps manage space pressures and control costs. Clear direction for when to obtain independent appraisals would help ensure appropriate evaluation and assessment of the artifacts occur.

3.3 Disposal of Artifacts Appropriately Approved

We recommended that the Western Development Museum approve disposals of artifacts consistent with its Collections Management Policy.

(2016 Report – Volume 2; Public Accounts Committee agreement March 21, 2017)

Status – Implemented

Since the December 2017 use of the deaccessioning and disposal worksheet, the Museum has appropriately approved the artifacts recommended for disposal.

For the artifacts disposals made since December 2017, we tested 30 disposals and found that staff consistently completed the worksheets, and the Chief Executive Officer appropriately approved each of them.

3.4 Job Descriptions of Curatorial Staff Updated

We recommended that the Western Development Museum update job descriptions of staff involved in collections management to reinforce their roles and responsibilities in deaccessioning and disposing of artifacts. (2016 Report – Volume 2; Public Accounts Committee agreement March 21, 2017)

Status – Implemented

The Museum updated the job descriptions of all curatorial staff to provide further clarification for roles and responsibilities in deaccessioning and disposing of artifacts.

During 2017-18, we found that the Museum updated the job descriptions of its curatorial staff to include responsibilities over the maintenance of the artifact collections. We found that all curatorial job descriptions clearly set out roles for staff in the process to identify artifacts for deaccessioning and disposal (e.g., monitor collection, prepare artifact condition assessments and recommendations).

Reinforcing roles and responsibilities related to identifying artifacts for removal creates a consistent understanding of expectations and reduces the risk of inconsistent assessments of artifacts. Also, involving staff at museum locations increases the knowledge about collections in assessing and deaccessioning.

3.5 Analysis of Collections Needed to Identify Potential Artifacts for Removal

We recommended that the Western Development Museum systematically review its collections to identify potential artifacts for removal. (2016 Report – Volume 2; Public Accounts Committee agreement March 21, 2017)

Status – Partially Implemented

At August 2018, the Museum had not developed a written strategy to do systematic reviews of its collection to identify artifacts for removal.

During 2017-18, the Museum was reviewing a few collections (i.e., pre-1930s automobiles, piano rolls) to identify artifacts for disposal. The Museum also had preliminary plans to review its agricultural equipment and piano collections. It expected to do these reviews over multiple years given the large quantity of items in these collections. At August 2018, it had paused its reviews until it completes revisions to its *Collections Management Policy*.

Management indicated that it expects revisions to its *Collection Management Policy* would include guidance on how it will conduct reviews of its collections to identify and remove artifacts, and when to obtain independent appraisals of artifacts.

Lacking a robust and documented collections review process may result in many duplicate and deteriorated artifacts in the collections. This increases costs and results in storage space being used to house artifacts that should be disposed.

3.6 Expectations for Timely Disposals Needed

We recommended that the Western Development Museum dispose of deaccessioned artifacts within an established timeframe. (2016 Report – Volume 2; Public Accounts Committee agreement March 21, 2017)

Status – Partially Implemented

At August 2018, the Museum does not have an expectation for what defines a timely disposal (i.e., expectation for timeframe between deaccessioning and disposal). The Museum plans to set out timeframes for the disposal of artifacts in a revised *Collections Management Policy* which is not complete.



Management has indicated that these expectations will likely vary depending on the nature of the artifact (i.e., larger valuable artifacts that go through public auction are expected to have a longer timeframe than those tossed in the garbage).

During 2017-18, the Museum disposed of 703 artifacts through donations, public auction, or destruction (i.e., garbage disposal). These artifacts consisted of items that were deaccessioned in prior years (i.e., prior to 2017-18) as well as items deaccessioned in the current year.

For 30 disposals of deaccessioned artifacts we tested, the Museum consistently documented the rationale for the disposal of each deaccessioned artifact.

The lack of a timeframe to dispose of artifacts increases the risk that unnecessary artifacts take up valuable storage space at the Museum's facilities.

3.7 Database Information Used to Assess Collections

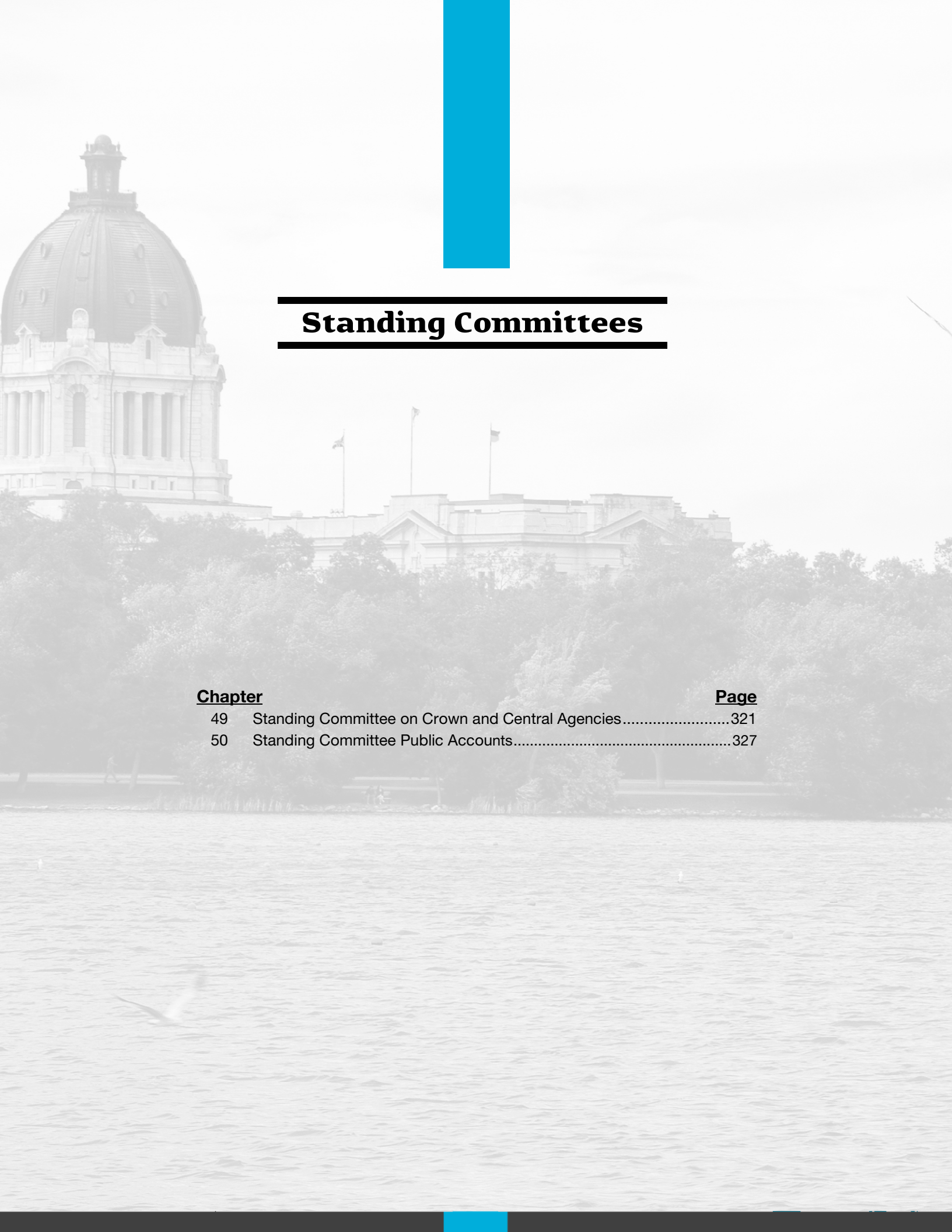
We recommended that the Western Development Museum use information in its collection database to analyze its collection to aid deaccessioning and disposal decisions. (2016 Report – Volume 2; Public Accounts Committee agreement March 21, 2017)

Status – Implemented

The Museum used information from its artifact database to help assess its collection.

At August 2018, management was using the database to identify artifacts of a similar nature (e.g., Indigenous artifacts, pianos, pre-1930s automobiles, etc.) to help decide which review projects to initiate for potential deaccessioning. We saw examples of management using various reports produced from the database. For example, it used reports based on location (e.g., different museum locations, rooms at curatorial centre) to further assess its collection.

While management did not have a formal timeframe to produce and review reports, we found management was knowledgeable about the nature and extent of information in the database about its collection, how the database works, and how to generate reports with information useful in helping it manage artifacts in its collections.



Standing Committees

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Chapter 49

Standing Committee on Crown and Central Agencies

1.0 MAIN POINTS

Through its work and recommendations, the Standing Committee on Crown and Central Agencies helps the Legislative Assembly hold the Government accountable for its management of the Crown Investments Corporation of Saskatchewan (CIC) and its subsidiary corporations. The Committee does this, in part, by reviewing chapters in our Reports, and the annual reports including related financial statements of agencies within its subject area.

At September 2018, the Committee was relatively current in its review of chapters in our Reports related to CIC and its subsidiary corporations. Also, the Committee had already reviewed half of the 2017-18 annual reports of CIC and its subsidiaries.

In addition, CIC and its subsidiary corporations' implementation of the Committee's recommendations related to our audit work remains strong. As of September 2018, the Government had fully implemented 98% of the Committee's 66 recommendations, and partially implemented the remaining recommendation.

2.0 INTRODUCTION

This chapter provides an overview of the role and responsibilities of the Committee, focusing on those responsibilities related to our Office's work. It also describes the overall status of the Committee's recommendations resulting from our Office's work, the status of its consideration of our work, and the status of the Committee's review of annual reports of CIC and its subsidiary corporations.

2.1 Role and Responsibilities of the Standing Committee on Crown and Central Agencies

The Committee is one of the Assembly's four policy field committees. The Committee's assigned subject area encompasses CIC and its subsidiary corporations, supply and services (e.g., Ministry of Central Services), central government agencies (e.g., Ministry of Finance), liquor, gaming, and all other revenue-related agencies and entities. See **Figure 1** for a brief description of the responsibilities of a policy field committee.

Figure 1—Responsibilities of Policy Field Committees

The Legislative Assembly makes policy field committees responsible for examining certain documents within their assigned subject area. These documents include bills and regulations (proposed laws), estimates, and annual reports. During their reviews, these committees can consider issues of current concern, future objectives, and past performance.

Policy field committees can also conduct inquiries into matters within their mandated subject area. They provide the Assembly with reports on their activities and can make recommendations to the Assembly for its consideration.

The Standing Committee on House Services determines the membership of each policy field committee.



Policy field committee meetings are open to the public. The Assembly’s website contains information about the composition of each committee and records of their meetings (i.e., meeting notices, Hansard verbatim, minutes, videos, and reports).

Each committee establishes a steering committee composed of the Chair and Deputy Chair. The steering committee determines how it will plan and organize its business and makes recommendations related to the committee’s meeting agenda, the calling of witnesses, times of sittings, etc. Their meetings are conducted in-camera and, unless otherwise authorized, decisions made by the steering committee must be ratified by the full committee.

Source: www.legassembly.sk.ca/about/introduction-to-committees (18 September 2018).

The Assembly has given the Committee the following responsibilities in addition to those typically given to a policy field committee:

- The Assembly, through *The Provincial Auditor Act* and under its Rules and Procedures, refers portions of our Reports (chapters) related to CIC and its subsidiaries to the Committee.¹ When the Committee considers chapters from our Reports, our Office and the corporation's appointed auditor, if any, attend to assist in its review.
- The Assembly requires the Minister responsible for CIC to notify the Committee, in writing, about significant transactions of CIC and any of its subsidiaries within 90 days of the transaction.² The notification must outline the objectives of the transaction, the financial implications, a statement of any changed liabilities, and the authority under which the transaction was made.³
- The Assembly periodically refers regulations and bylaws of professional associations (e.g., CPA Saskatchewan) to the Committee for its review.

Figure 2 sets out the membership of the Standing Committee on Crown and Central Agencies at September 30, 2018.

Figure 2—Members of the Standing Committee on Crown and Central Agencies at September 30, 2018

Name of Member	
Herb Cox, Chair	Nancy Heppner
Cathy Sproule, Deputy Chair	Everett Hindley
Steven Bonk	Lisa Lambert
Glen Hart	

Source: www.legassembly.sk.ca/legislative-business/legislative-committees/crown-and-central-agencies/ (18 September 2018).

2.2 Frequency and Purpose of Committee Meetings

For the period October 1, 2017 to September 30, 2018, the Committee met 13 times. The purpose of most of these meetings was to review bills (proposed laws), and the 2018-19 Estimates related to agencies within its subject area.

¹ Section 14.1(8) of *The Provincial Auditor Act* and rule 143(3) of *The Rules and Procedures of the Legislative Assembly of Saskatchewan*.

² Significant transactions are defined by the Committee as those that are material in amount and outside the ordinary course of business, or are judged to be sensitive and likely of interest to legislators and the public.

³ Rule 143(4) of *The Rules and Procedures of the Legislative Assembly of Saskatchewan*.

During this period, the Committee made two reports to the Assembly:

- On December 6, 2017, the Committee presented the *Fourth Report of the Twenty-Eighth Legislature*. The report outlined the 2017-18 supplementary estimates.
- On May 29, 2018, the Committee presented the *Fifth Report of the Twenty-Eighth Legislature*. The report outlined the 2018-19 estimates that were considered and the resolutions adopted by the Committee.

In May 2018, the Committee received one significant transaction report regarding the sale of the Prince Albert Forest Centre.

3.0 STATUS OF COMMITTEE WORK

3.1 Committee Work Related to our Audit Work Relatively Current

As of September 2018, the Committee was relatively up-to-date on its review of chapters in our Reports related to audits of CIC and/or its subsidiaries. At September 2018, the Committee had completed its review of almost all related chapters in our Reports up to our *2018 Report – Volume 1*. At September 30, 2018, the Committee had not yet considered one chapter relating to Saskatchewan Water Corporation in our *2018 Report – Volume 1*.

The Committee last reported to the Assembly about its review of our chapters on January 6, 2016. Its January 6, 2016 report (i.e., *Eighth Report to the 27th Legislature* [4th Session of the 27th Legislature]) contained 66 recommendations resulting from its review of relevant chapters for the period August 23, 2007 to January 5, 2016.⁴

Since January 2016, the Committee met four times, and considered 32 chapters from our Reports. **Section 4.0** lists the 26 recommendations with which the Committee agreed, and, at September 2018, had not reported to the Assembly.

The Committee expects to table its next report including recommendations to the Assembly in fall 2018.

3.2 Implementation of the Committee's Audit-related Recommendations Remains Strong

CIC and its subsidiaries' implementation of the Committee's recommendations related to our audit work remained strong. By September 30, 2018, they had fully implemented 98% of the Committee's 66 recommendations, and partially implemented the remaining

⁴ The Committee's previous report to the Assembly resulting from its review of our Reports was the *Tenth Report to the 25th Legislature* (3rd Session of the 25th Legislature) tabled on August 23, 2007.



recommendation.⁵ This recommendation relates to our 2011 audit of SaskPower's processes for inspection of gas and electrical installations. See Chapter 31 in our *2017 Report – Volume 1* for the results of our last follow up of this recommendation.

3.3 Committee Review of CIC Sector Annual Reports Current

Annual reports are key accountability documents. As previously mentioned, as a policy field committee, the Committee is responsible for examining annual reports including related financial statements of agencies within its subject area (e.g., CIC and its subsidiary corporations).⁶

As of September 30, 2018, the Committee had already reviewed half of the 2017-18 annual reports.⁷ The Committee had not yet reviewed the 2017-18 annual reports of CIC and four subsidiary corporations.⁸

4.0 RECOMMENDATIONS CONSIDERED BY THE COMMITTEE BUT NOT YET REPORTED TO THE ASSEMBLY

Committee Agreement Date	Recommendations Considered by the Committee ^A	Status
Saskatchewan Immigrant Investor Fund Inc. (2014 Report – Volume 1)		
December 1, 2016	12-1 that Saskatchewan Immigrant Investor Fund Inc. clearly define its performance measures and document its methods for calculating these measures.	Implemented (as of December 31, 2016)
Gradworks Inc. (2016 Report – Volume 1)		
December 1, 2016	9-1 that Gradworks Inc. communicate, in writing, to partner employers its expectations related to achievement of diversity targets for the Gradworks Intern Development Program.	No Longer Relevant (as of March 31, 2018) due to CIC dissolving Gradworks Inc.
	9-2 that Gradworks Inc. verify the educational eligibility criteria of applicants for its Gradworks Intern Development Program prior to the internship start date.	
	9-3 that Gradworks Inc., at least annually, publish information on key actual results compared to planned (i.e., targets) for the Gradworks Intern Development Program.	
	9-4 that Gradworks Inc., at least annually, provide partner employers with information on key performance measures, targets, and actual results for the Gradworks Intern Development Program.	

⁵ The Committee has asked our Office to assess and report on the status of the recommendations the Committee makes and reports to the Assembly as a result of our audit work. We assess the status of financial-related recommendations each year as part of the annual integrated audits. We assess other recommendations, as part of audit follow-ups, either two or three years after the original audit, and subsequently every two or three years until the recommendations are either implemented or no longer relevant.

⁶ Each year, CIC and its subsidiary corporations prepare annual reports and financial statements for tabling in the Assembly. CIC and almost all of its subsidiaries have a March 31 fiscal year-end. Each summer, their annual reports are tabled in the Assembly and available for the Committee's review.

⁷ Committees Branch, Legislative Assembly Service, Standing Committee on Crown and Central Agencies, *Business Referred to Committee*.

⁸ The four subsidiary corporations include SaskEnergy Incorporated, Saskatchewan Telecommunications, Saskatchewan Transportation Corporation, and Saskatchewan Water Corporation.

Committee Agreement Date	Recommendations Considered by the Committee ^A	Status
Saskatchewan Government Insurance (2015 Report – Volume 1)		
December 1, 2016	15-1 that Saskatchewan Government Insurance establish clear experience requirements that motorcycle technicians must meet to become certified under the motorcycle inspection program.	Implemented (as of April 11, 2017)
	15-2 that Saskatchewan Government Insurance assess the risks for its vehicle inspection program.	Implemented (as of April 11, 2017)
	15-3 that Saskatchewan Government Insurance develop a risk-based monitoring plan for its vehicle inspection program including performance measures.	Implemented (as of April 11, 2017)
	15-4 that Saskatchewan Government Insurance, consistent with its established processes, clearly document the results of each inspection station audit.	Implemented (as of April 11, 2017)
	15-5 that Saskatchewan Government Insurance, consistent with its established processes, clearly document that certified Preventative Maintenance Program inspection stations complete vehicle maintenance consistent with the approved preventative maintenance plan.	Implemented (as of April 11, 2017)
	15-6 that Saskatchewan Government Insurance report to senior management the results of its risk-based monitoring plan activities for its vehicle inspection program.	Implemented (as of April 11, 2017)
Saskatchewan Government Insurance (2016 Report – Volume 1)		
December 1, 2016	15-1 that Saskatchewan Government Insurance establish written guidance outlining expected timeframes for entry of driver information into the computer system used to administer driver's licences.	Partially Implemented (as of January 31, 2018)
	15-2 that Saskatchewan Government Insurance enter, into its computer system used to administer driver's licences, information on out-of-province traffic offences using similar timeframes as traffic offences that occur in Saskatchewan.	Implemented (as of January 31, 2018)
	15-3 that Saskatchewan Government Insurance confirm changes to law that set demerit points and sanctions are in effect before making corresponding changes in the computer system used to administer driver's licences.	Implemented (as of January 31, 2018)
	15-4 that Saskatchewan Government Insurance give staff written guidance on determining the length of extensions that can be granted to drivers for completion of required actions (sanctions).	Implemented (as of January 31, 2018)
	15-5 that Saskatchewan Government Insurance give staff written timeframes for completing manual evaluation of driver information.	Implemented (as of January 31, 2018)
Saskatchewan Power Corporation (2015 Report – Volume 1)		
December 13, 2016	17-1 that SaskPower update its procurement policies to specifically require when buying power from independent power producers: <ul style="list-style-type: none"> - The use of Fairness Monitors - Written evaluations of independent power producers abilities (experience and financial resources) - Written evaluations of the technical merit of independent power producers' proposals 	Implemented (as of August 15, 2018)
	17-2 that SaskPower use consistent processes to evaluate unsolicited proposals provided to SaskPower from potential independent power producers interested in selling it power.	Implemented (as of August 15, 2018)
	17-3 that SaskPower document its rationale for key requirements set in Request for Proposals and related due diligence requirements as part of the competitive independent power producer procurement process.	Implemented (as of August 15, 2018)



Committee Agreement Date	Recommendations Considered by the Committee ^A	Status
	17-4 that SaskPower communicate to independent power producers who submit unsolicited proposals to supply power, the evaluation process and criteria against which unsolicited power proposals are considered.	Implemented (as of August 15, 2018)
Saskatchewan Power Corporation (2015 Report – Volume 1)		
December 13, 2016	18-1 that SaskPower document the most likely types of information technology threats that could lead to cyber incidents that would adversely impact its ability to provide power.	Implemented (as of August 21, 2017)
	18-2 that SaskPower confirm that its cyber risk mitigation strategy addresses the significant threats of cyber incidents that would adversely impact its ability to provide power.	Partially Implemented (as of August 21, 2017)
	18-3 that SaskPower provide its staff with guidance to assist in assessing when an information technology security-related event is considered a cyber incident, and requires the use of its incident command system response plan.	Implemented (as of August 21, 2017)
Saskatchewan Telecommunications (2017 Report – Volume 1)		
June 20, 2018	13-1 that SaskTel provide written guidance for resolving supplier performance issues.	Not Implemented (as of December 31, 2016)
	13-2 that SaskTel, for each competitive purchase, log the names of staff evaluating proposals from potential suppliers.	Not Implemented (as of December 31, 2016)
	13-3 that SaskTel implement a process to obtain appropriate level of approval when expected dollar values of purchases of materials increase after initial approval.	Not Implemented (as of December 31, 2016)
	13-4 that SaskTel track supplier feedback to inform purchasing process improvements.	Not Implemented (as of December 31, 2016)
Saskatchewan Gaming Corporation (2017 Report – Volume 2)		
September 10, 2018	26-1 that the Saskatchewan Gaming Corporation provide its staff with clear guidance for documenting the reasons for not referring eligible employees to attendance management programming.	Not Implemented (as of July 31, 2017)
	26-2 that the Saskatchewan Gaming Corporation develop guidance to help managers analyze absenteeism trends and patterns of their employees.	Not Implemented (as of July 31, 2017)
	26-3 that the Saskatchewan Gaming Corporation regularly analyze organization-wide employee attendance patterns and trends to help identify root causes of its employees' absenteeism, and confirm its strategies address these causes.	Not Implemented (as of July 31, 2017)

^A The number preceding the outstanding recommendation reflects the chapter and recommendation number of our related report.

Chapter 50

Standing Committee on Public Accounts

1.0 MAIN POINTS

The work of the Standing Committee on Public Accounts is crucial for a well-managed parliamentary system of government. It provides a vital link in the chain of accountability over public resources; it contributes to the public's confidence in the Government.

The Committee's discussions and recommendations to the Legislative Assembly promote a more open and accountable government and better management of government operations. By reviewing chapters in our Reports, questioning government officials, requesting information, and making recommendations in its reports to the Assembly, the Committee acts as an agent of change for the management practices of government.

The implementation of the Committee's recommendations by the Government and its agencies remains strong. As of September 2018, the Government has fully implemented 76% of recommendations the Committee has made during the previous five years. It has partially implemented 59% of the remaining recommendations.

Also, as of mid-October 2018, the Committee had not yet reviewed 11 chapters from our 2015 Report (Volume 2) and 2016 Report (Volumes 1 and 2).

2.0 INTRODUCTION

This chapter provides an overview of the composition, role, and responsibilities of the Committee. It briefly describes what the Committee does, how it works, and how it reports to the Assembly.

It also sets out the extent to which the Government has implemented the Committee's recommendations, and the status of the Committee's review of our Reports.

3.0 OVERVIEW OF COMMITTEE'S ROLE AND RESPONSIBILITIES

3.1 Committee Composition

At the beginning of each Legislature, the Assembly appoints members to the Committee. The Chair of the Committee is a member of the Opposition and the Deputy Chair is a member of the Government.

On March 4, 2013, *The Rules and Procedures of the Legislative Assembly of Saskatchewan* changed to expand the Committee from seven members and a membership based on the ratio of party standings in the Assembly to eight members, including two members of the Opposition for the duration of the 27th Legislature.¹ This

¹ www.legassembly.sk.ca/about/rules-and-procedures (15 October 2018).



practice has continued into the 28th Legislature. **Figure 1** sets out the members of the Committee as of September 30, 2018.

Figure 1 – Members of the Standing Committee on Public Accounts at September 30, 2018

Name of Member	
Trent Wotherspoon, Chair	Lisa Lambert
Don McMorris, Deputy Chair	Warren Michelson
Lori Carr	Vicki Mowat
Todd Goudy	Randy Weekes

Source: www.legassembly.sk.ca/legislative-business/legislative-committees/public-accounts/ (15 October 2018).

3.2 Responsibilities Include Review of Public Accounts and Our Reports

Because of the Committee’s role to scrutinize the Government’s management of public resources and review our Reports, we view it as the audit committee for the Assembly and thus, for the public.

The Committee acts as a non-partisan oversight body that helps the Assembly hold the Government accountable for its management of public resources. *The Rules and Procedures of the Legislative Assembly of Saskatchewan* require the Committee to review and report to the Assembly on the results of its review of the Public Accounts and of the Reports of the Provincial Auditor.

The Assembly refers the Public Accounts and the Reports of our Office to the Committee.² The following provides a brief description of each:

- The Public Accounts consist of two volumes. The first volume contains the Summary Financial Statements of the Government and a Financial Statement Discussion and Analysis section. The second volume contains details on revenues and expenditures of the General Revenue Fund. This volume includes comparisons of appropriations to expenditures by vote and by program, and details of expenses (e.g., payees who received \$50,000 or more for salaries and benefits, transfers, or goods and services). It also includes other information. This includes key financial information of some pension plans and trust funds administered by the Government, on remission of taxes and fees, and on road-use fuel tax accountability.³
- The Reports of the Provincial Auditor contain the results of our examinations of the Government and its various agencies. Chapters within our Reports identify whether the Committee agrees with our recommendations, or made its own recommendations.

The Committee has asked us to monitor compliance with its recommendations and to report on their status. Chapters within our Reports provide an update on the status of implementation of recommendations.

The Committee’s meetings are televised and open to the public. In its deliberations, the Committee is not fundamentally concerned with matters of policy; rather, it questions the

² By law, chapters related to Crown Investments Corporation of Saskatchewan and its related agencies within our Reports are referred to the Standing Committee on Crown and Central Agencies.

³ www.saskatchewan.ca/government/government-structure/ministries/finance#programs-and-services (15 October 2018).

economy and effectiveness of the administration of government programs. The Committee reviews the activities, performance, and reports of government ministries, agencies, and certain Crown corporations (agencies). During its review, the Committee may inquire about past performance, current concerns, and future objectives. The Committee's discussions include broader issues such as strategic plans, key risks to achieving goals and objectives, and performance measurement.

Government officials attend the Committee meetings to answer questions about the administration of their agencies. In advance of the meetings, agencies provide the Committee with status updates that set out actions taken or planned to address recommendations. Our Office attends the meetings to help the Committee in its reviews. The Committee discusses and recommends actions on issues raised by Committee members and our Office.

3.3 Reports of the Committee

Typically, the Committee reports to the Assembly at the end of each legislative session. Its reports, once tabled in the Assembly, are publicly available on the Committee's website.⁴

On June 20, 2018, the Committee presented its report called the *Second Report of the 28th Legislature* to the Assembly. It summarizes the results of the work of the Committee for the period May 16, 2017 to June 13, 2018. This report included its findings and 99 recommendations resulting from the Committee's review of our Reports.

The Committee requires the Government to respond in writing to its reports. The Government's response is also publicly available on the Committee's website.

The Committee's website also makes information about the composition of the Committee and records of the Committee's meetings (i.e., Hansard verbatims, minutes, videos, and reports) available.

4.0 IMPLEMENTATION OF COMMITTEE'S RECOMMENDATIONS

Consistent with prior years, the implementation of the Committee's recommendations by the Government and its agencies remains strong. As of September 2018, the Government had fully implemented 76% (September 2017: 69%) of the Committee's recommendations. The Government had partially implemented 59% (September 2017: 49%) of the remaining recommendations.⁵

Section 6.0 sets out the number of Committee recommendations not yet implemented by agency and related audit report, and the last Report our Office provided an update on the recommendations. Our Office follows up the status of these recommendations until they are implemented or no longer relevant.

⁴ www.legassembly.sk.ca/legislative-business/legislative-committees/public-accounts/ (15 October 2018).

⁵ Calculations are based on the Committee's recommendations up to and including the *Second Report to the 28th Legislature* at June 20, 2018.



5.0 STATUS OF COMMITTEE'S REVIEW OF OUR REPORTS

Since September 2017, the Assembly has referred six of our Reports to the Committee for its review. These reports include the results of our examinations of the Government and its agencies.

For the period October 1, 2017 to October 15, 2018, the Committee met six times. It reviewed our Reports at five of its meetings.⁶ The Committee's review included chapters from our 2015 Report (Volume 2), 2016 Report (Volumes 1 and 2), 2017 Report (Volumes 1 and 2), and 2018 Report (Volume 1). The Committee also considered our *Annual Report on Operations for the Year Ended March 31, 2017* and our *Business and Financial Plan for the Year Ended March 31, 2019*.

As of October 15, 2018, the Committee had not yet completed its review of 56 chapters from the following Reports:

- Three of 56 chapters from our *2015 Report - Volume 2*
- Four of 39 chapters from our *2016 Report - Volume 1*
- Four of 49 chapters from our *2016 Report - Volume 2*
- Ten of 28 chapters from our *2017 Report - Volume 1*
- Fifteen of 46 chapters from our *2017 Report - Volume 2*
- Twenty of 30 chapters from our *2018 Report - Volume 1*

Of the 56 chapters outstanding, the Committee had not reviewed 18 chapters relating to the health sector, and 11 chapters from our 2015 Report (Volume 2) and 2016 Report (Volumes 1 and 2) on various topics.

Timely review of chapters in our Reports allows the Committee to undertake timely scrutiny and hold agencies accountable.

6.0 STATUS OF PREVIOUS COMMITTEE RECOMMENDATIONS

The following table sets out the number of Committee recommendations not yet implemented and not reported elsewhere in this Report. The table outlines the last Report our Office provided an update. Our intent is to follow up on these recommendations in the future.

⁶ At the other meeting, the Committee met to discuss other matters (e.g., election of the Chair).

Agency	Chapter Title (Initial PAS ^A Report)	Last PAS Report and Chapter	Number of Committee Recommendations Not Yet Implemented
Government of Saskatchewan:			
	Modernizing Government Budgeting and Financial Reporting (2013 Special Report)	2016 Report – Volume 1, Chapter 18	8
Ministries and Secretariats:			
Advanced Education	Working with the Advanced Education Sector (2015 Report – Volume 1, Chapter 7)	2018 Report – Volume 1, Chapter 13	1
	Managing Risks Related to its One Client Service Model System (2015 Report – Volume 2, Chapter 32)	2017 Report – Volume 2, Chapter 28	3
Agriculture	Regulating Livestock Waste (2013 Report – Volume 2, Chapter 28)	2017 Report – Volume 2, Chapter 29	1
Central Services	Data Centre Security (2006 Report – Volume 3, Chapter 6; 2012 Report – Volume 2, Chapter 29)	2016 Report – Volume 1, Chapter 5	2
	Planning Accommodation (2011 Report – Volume 1, Chapter 5)	2017 Report – Volume 1, Chapter 15	2
	Use of Consultants (2014 Report – Volume 2, Chapter 30)	2016 Report – Volume 2, Chapter 33	1
Corrections and Policing	Community Rehabilitation of Adult Offenders (2011 Report – Volume 1, Chapter 3)	2017 Report – Volume 2, Chapter 38	4
Education	School Instruction Time for Students (2009 Report – Volume 3, Chapter 4)	2016 Report – Volume 1, Chapter 20	2
	Grade 12 Graduation Rates (2012 Report – Volume 1, Chapter 2)	2017 Report – Volume 1, Chapter 20	5
	Capital Asset Planning for Schools (2013 Report – Volume 1, Chapter 8)	2017 Report – Volume 1, Chapter 19	2
	Putting into Operation the Education Sector-Wide Strategic Plan (2015 Report – Volume 1, Chapter 9)	2017 Report – Volume 1, Chapter 21	1
	Managing the Construction of P3 Joint-use Schools (2017 Report – Volume 2, Chapter 21)	Same as Initial PAS Report	1
	Monitoring Kindergarten Students' Readiness to Learn in Primary Grades (2017 Report – Volume 2, Chapter 22)	Same as Initial PAS Report	4



Agency	Chapter Title (Initial PAS ^A Report)	Last PAS Report and Chapter	Number of Committee Recommendations Not Yet Implemented
Energy and Resources	Regulating Pipelines (2012 Report – Volume 1, Chapter 5)	2017 Report – Volume 1, Chapter 18	3
	Managing Oil and Gas Wells (2012 Report – Volume 2, Chapter 31)	2018 Report – Volume 1, Chapter 17	2
Environment	Regulating Contaminated Sites (2008 Report – Volume 1, Chapter 4)	2017 Report – Volume 1, Chapter 23	1
	Landfills Regulation (2013 Report – Volume 2, Chapter 29)	2018 Report – Volume 1, Chapter 18	3
	Detecting Wildfires (2017 Report – Volume 2, Chapter 23)	Same as Initial PAS Report	2
Finance	Internal Audit in Ministries (2012 Report – Volume 2, Chapter 30)	2018 Report – Volume 1, Chapter 19	1
	Monitoring the Fuel Tax Exemption Program (2016 Report – Volume 1, Chapter 8)	Same as Initial PAS Report	6
Government Relations	Co-ordinating Emergency Preparedness (2015 Report – Volume 1, Chapter 12)	2018 Report – Volume 1, Chapter 21	3
	Safe Drinking Water in Northern Settlements (2012 Report – Volume 1, Chapter 12)	2016 Report – Volume 1, Chapter 24	5
Health	Preventing Diabetes-related Health Complications (2012 Report – Volume 2, Chapter 33)	2017 Report – Volume 2, Chapter 33	5
	Regulating Meat Safety (2012 Report – Volume 2, Chapter 32)	2017 Report – Volume 2, Chapter 35	4
	Special Needs Equipment for Persons with Disabilities (2016 Report – Volume 2, Chapter 27)	Same as Initial PAS Report	6
	Detecting Inappropriate Physician Payments (2017 Report – Volume 1, Chapter 6)	Same as Initial PAS Report	4
Highways and Infrastructure	Addressing Road Safety Concerns on Existing Highways (2015 Report – Volume 2, Chapter 35)	2018 Report – Volume 1, Chapter 22	1
	Enforcing Vehicle Weight and Dimension Requirements (2017 Report – Volume 1, Chapter 7)	Same as Initial PAS Report	5
Immigration and Career Training	Nominating Qualified Immigration Applicants (2013 Report – Volume 1, Chapter 12)	2016 Report – Volume 1, Chapter 19	2
	Co-ordinating English-Language Programs (2015 Report – Volume 1, Chapter 8)	2017 Report – Volume 1, Chapter 16	3

Agency	Chapter Title (Initial PAS ^A Report)	Last PAS Report and Chapter	Number of Committee Recommendations Not Yet Implemented
Justice and Attorney General	Leading the Building Partnerships to Reduce Crime Initiative (2016 Report – Volume 1, Chapter 10)	Same as Initial PAS Report	4
	Supporting Provincial Court of Saskatchewan to Manage Court Workloads (2014 Report – Volume 1, Chapter 10)	2017 Report – Volume 2, Chapter 40	5
Social Services	Supervision of Community-Based Organizations (2012 Report – Volume 1, Chapter 22)	2017 Report – Volume 1, Chapter 33	3
	Placing Minister's Wards in Permanent Homes (2013 Report – Volume 1, Chapter 14)	2017 Report – Volume 1, Chapter 32	3
	Minimizing Absenteeism (2015 Report – Volume 2, Chapter 39)	2018 Report – Volume 1, Chapter 31	4
Crown Agencies:			
eHealth Saskatchewan	Sharing Patient Data (2014 Report – Volume 1, Chapter 9)	2016 Report – Volume 2, Chapter 35	2
	Protecting Patient Information in the Saskatchewan Lab Results Repository (2015 Report – Volume 1, Chapter 10)	2017 Report – Volume 2, Chapter 30	3
Health Quality Council	Co-ordinating the Use of Lean (2014 Report – Volume 2, Chapter 24)	2016 Report – Volume 2, Chapter 38	2
Health Shared Services Saskatchewan	Procuring Goods and Services for Member Agencies (2015 Report – Volume 2, Chapter 34)	2017 Report – Volume 2, Chapter 36	5
Saskatchewan Apprenticeship and Trade Certification Commission	Enabling Apprentices to Achieve Certification (2014 Report – Volume 1, Chapter 11)	2016 Report – Volume 1, Chapter 30	2
Saskatchewan Housing Corporation	Maintaining Housing Units (2012 Report – Volume 1, Chapter 24)	2017 Report – Volume 2, Chapter 43	2
Saskatchewan Liquor and Gaming Authority	Liquor Procurement (2012 Report – Volume 1, Chapter 17)	2017 Report – Volume 2, Chapter 44	1
	Regulating Commercial Permittees' On-table Sale of Liquor (2017 Report – Volume 1, Chapter 11)	Same as Initial PAS Report	6
SaskBuilds	Evaluating Potential P3s (2015 Report – Volume 1, Chapter 16)	2017 Report – Volume 2, Chapter 46	1
Tourism Saskatchewan	Managing the Use of Social Media (2015 Report – Volume 2, Chapter 41)	2018 Report – Volume 1, Chapter 32	1
Water Security Agency	Co-ordinating Flood Mitigation (2014 Report – Volume 2, Chapter 40)	2016 Report – Volume 2, Chapter 47	2
	Dam Safety (2005 Report – Volume 1, Chapter 3)	2016 Report – Volume 2, Chapter 48	2



Agency	Chapter Title (Initial PAS ^A Report)	Last PAS Report and Chapter	Number of Committee Recommendations Not Yet Implemented
Crown Agencies – Saskatchewan Health Authority (former Regional Health Authorities)			
Heartland Regional Health Authority	Medication Management in Long-term Care (2014 Report – Volume 2, Chapter 35)	2017 Report – Volume 2, Chapter 37	7
Kelsey Trail Regional Health Authority	Medical Equipment Maintenance (2010 Report – Volume 2, Chapter 11C)	2018 Report – Volume 1, Chapter 28	1
Prince Albert Parkland Regional Health Authority	Providing Timely and Appropriate Home-Care Services (2014 Report – Volume 2, Chapter 36)	2016 Report – Volume 2, Chapter 42	3
Regina Qu'Appelle Regional Health Authority	Safe and Timely Discharge of Patients (2015 Report – Volume 1, Chapter 14)	2017 Report – Volume 1, Chapter 24	3
	Efficient Use of MRI (2017 Report – Volume 1, Chapter 10)	Same as Initial PAS Report	7
Sun Country Regional Health Authority	Managing Medication (2013 Report – Volume 2, Chapter 31)	2018 Report – Volume 1, Chapter 30	1
Crown Agencies – School Divisions:			
Living Sky School Division No. 202	Engaging Grades 7 to 12 Students (2017 Report – Volume 1, Chapter 8)	Same as Initial PAS Report	4
North East School Division No. 200	Increasing Grade 3 Students Reading at Grade Level (2016 Report – Volume 1, Chapter 11)	2018 Report – Volume 1, Chapter 23	1
Prairie Spirit School Division No. 206	Maintaining Facilities (2016 Report – Volume 1, Chapter 12)	Same as Initial PAS Report	7
Regina School Division No. 4	Promoting Positive Student Behaviour (2016 Report – Volume 1, Chapter 13)	2018 Report – Volume 1, Chapter 25	3
St. Paul's School Roman Catholic Separate Division No. 20	Promoting Good Student Health and Physical Fitness (2015 Report – Volume 2, Chapter 40)	Same as Initial PAS Report	5
Sun West School Division No. 207	Annual Integrated Audit (2017 Report – Volume 2, Chapter 2)	2018 Report – Volume 1, Chapter 2	1
Other Agencies:			
University of Regina	Protecting Interests in Research (2013 Report – Volume 1, Chapter 15)	2017 Report – Volume 1, Chapter 34	3
	Procuring Goods and Services (2013 Report – Volume 2, Chapter 32)	2017 Report – Volume 2, Chapter 49	2

Source: Provincial Auditor Saskatchewan (October 2018).

^A PAS – Provincial Auditor Saskatchewan.

Appendix 1

Agencies Subject to Examination under *The Provincial Auditor Act* and Status of Audits

The Office's goal is to give the Legislative Assembly timely reports on the results of its examinations. It does not delay its reports to accommodate incomplete audits, but rather includes their results in a future report. It aims to report the results of its annual integrated audits of agencies with December fiscal year-ends in the spring (i.e., Report – Volume 1) and agencies with March fiscal year-ends in the fall (i.e., Report – Volume 2). Also, it reports the results of its follow-ups and performance audits in the report following their completion.

The table below lists the agencies subject to examination under *The Provincial Auditor Act* at July 31, 2018 along with their fiscal year-end. Agencies subject to our examination include ministries, Crown agencies, Crown-controlled corporations, special purpose and trust funds, other agencies that administer public money, and offices of the Legislative Assembly.

For each of these agencies, the table sets out the status of our annual integrated audits at October 30, 2018. It also indicates whether we are reporting or have reported matters for the Assembly's attention within the last 12 months, and if so, it identifies the relevant Report.

Agency	Fiscal Year-End ^A	Status at October 30, 2018 ^B	Matters Reported / Related Report(s) ^C
Government of Saskatchewan – Summary Financial Statements	March 31	Complete	Yes/2018 Rpt V2
Ministries and Secretariats:			
Ministry of Advanced Education	March 31	Complete	Yes/2018 Rpt V1 & V2
Ministry of Agriculture	March 31	Complete	No
Ministry of Central Services	March 31	Complete	Yes/ 2018 Rpt V2
Ministry of Corrections and Policing	March 31	Complete, Note 6	Yes/2018 Rpt V1 & V2
Ministry of Education	March 31	Complete	Yes/2018 Rpt V1
Ministry of Energy and Resources	March 31	Complete, Note 6	Yes/2018 Rpt V1
Ministry of Environment	March 31	Complete	Yes/2018 Rpt V1 & V2
Ministry of Finance	March 31	Complete	Yes/2018 Rpt V1 & V2
Ministry of Government Relations	March 31	Complete	Yes/2018 Rpt V1 & V2
Ministry of Health	March 31	Complete	Yes/2018 Rpt V2
Ministry of Highways and Infrastructure	March 31	Complete	Yes/2018 Rpt V1 & V2
Ministry of Immigration and Career Training	March 31	Complete, Note 6	No
Ministry of Justice and Attorney General	March 31	Complete, Note 6	Yes/2018 Rpt V2
Ministry of Labour Relations and Workplace Safety	March 31	Complete	Yes/2018 Rpt V1
Ministry of Parks, Culture and Sport	March 31	Complete	Yes/2018 Rpt V2
Ministry of Social Services	March 31	Complete	Yes/ 2018 Rpt V1 & V2
Ministry of Trade and Export Development	March 31	Complete, Note 6	No
Executive Council	March 31	Complete	Yes/2018 Rpt V2
Public Service Commission	March 31	Complete	Yes/2018 Rpt V2



Agency	Fiscal Year-End ^A	Status at October 30, 2018 ^B	Matters Reported / Related Report(s) ^C
Crown Agencies:			
Agricultural Credit Corporation of Saskatchewan	March 31	Complete	No
Agricultural Implements Board	March 31	Complete	No
Carlton Trail College	June 30	Complete	Yes/2018 Rpt V2
Century Plaza Condominium Corporation	March 31	Complete	No
Chinook School Division No. 211	August 31	Complete	Yes/2018 Rpt V1
Christ the Teacher Roman Catholic Separate School Division No. 212	August 31	Complete	No
Conseil des Ecoles Fransaskoises School Division No. 310	August 31	Complete	No
Creative Saskatchewan	March 31	Complete	No
Creighton School Division No. 111	August 31	Complete	No
Cumberland College	June 30	Complete	No
eHealth Saskatchewan	March 31	Complete	Yes/2018 Rpt V1 & V2
Englefeld Protestant Separate School Division No. 132	August 31	Complete	No
Financial and Consumer Affairs Authority of Saskatchewan	March 31	Complete	No
Global Transportation Hub Authority, The	March 31	Complete	Yes/2018 Rpt V2
Good Spirit School Division No. 204	August 31	Complete	Yes/2018 Rpt V1
Government House Foundation, The	March 31	Complete	No
Great Plains College	June 30	Complete	No
Health Quality Council	March 31	Complete	No
Health Shared Services Saskatchewan (3sHealth)	March 31	Complete	No
Holy Family Roman Catholic Separate School Division No. 140	August 31	Complete	Yes/2018 Rpt V1
Holy Trinity Roman Catholic Separate School Division No. 22	August 31	Complete	No
Horizon School Division No. 205	August 31	Complete	No
Ile-a-la Crosse School Division No. 112	August 31	Complete	Yes/2018 Rpt V1
Innovation Saskatchewan	March 31	Complete	No
Law Reform Commission of Saskatchewan	March 31	Complete	No
Light of Christ Roman Catholic Separate School Division No. 16	August 31	Complete	No
Liquor and Gaming Authority	March 31	Complete	Yes/2018 Rpt V2
Living Sky School Division No. 202	August 31	Complete	No
Lloydminster Roman Catholic Separate School Division No. 89	August 31	Complete	No
Lloydminster Public School Division No. 99	August 31	Complete	No
Municipal Financing Corporation of Saskatchewan	December 31	Complete	No
Municipal Potash Tax Sharing Administration Board	December 31	Complete	Yes/2018 Rpt V1
North East School Division No. 200	August 31	Complete	Yes/2018 Rpt V1
North West College	June 30	Complete	No

Agency	Fiscal Year-End ^A	Status at October 30, 2018 ^B	Matters Reported / Related Report(s) ^C
Northwest School Division No. 203	August 31	Complete	Yes/2018 Rpt V1
Northern Lights School Division No. 113	August 31	Complete	Yes/2018 Rpt V1
Northlands College	June 30	Complete	No
Operator Certification Board	March 31	Complete	No
Parkland College	June 30	Complete	No
Physician Recruitment Agency of Saskatchewan	March 31	Complete, Note 9	No
Prairie Agricultural Machinery Institute	March 31	Complete	No
Prairie South School Division No. 210	August 31	Complete	Yes/2018 Rpt V1
Prairie Spirit School Division No. 206	August 31	Complete	Yes/2018 Rpt V1
Prairie Valley School Division No. 208	August 31	Complete	Yes/2018 Rpt V1
Prince Albert Roman Catholic Separate School Division No. 6	August 31	Complete	Yes/2018 Rpt V1
Provincial Archives of Saskatchewan	March 31	Complete	No
Provincial Capital Commission	March 31	Complete, Note 8	No
Regina Roman Catholic Separate School Division No. 81	August 31	Complete	Yes/2018 Rpt V2
Regina School Division No. 4	August 31	Complete	Yes/2018 Rpt V1
Saskatchewan Apprenticeship and Trade Certification Commission	June 30	Complete	No
Saskatchewan Arts Board, The	March 31	Complete	Yes/2018 Rpt V2
Saskatchewan Association of Health Organizations Inc.	March 31	Complete	No
Saskatchewan Cancer Agency	March 31	Complete	Yes/2018 Rpt V2
Saskatchewan Centre of the Arts	March 31	Complete	No
Saskatchewan Crop Insurance Corporation	March 31	Complete	Yes/2018 Rpt V1
Saskatchewan Health Authority	March 31	Complete, Note 5	Yes/2018 Rpt V1 & V2
Saskatchewan Health Research Foundation	March 31	Complete	No
Saskatchewan Heritage Foundation	March 31	Complete	No
Saskatchewan Housing Corporation	December 31	Complete	No
Saskatchewan Impaired Driver Treatment Centre Board of Governors	March 31	Complete	Yes/2018 Rpt V1
Saskatchewan Indian Gaming Authority Inc.	March 31	Complete	Yes/2018 Rpt V2
Saskatchewan Legal Aid Commission	March 31	Complete	Yes/2018 Rpt V2
Saskatchewan Lotteries Trust Fund for Sport, Culture and Recreation	March 31	Complete	No
Saskatchewan Polytechnic	June 30	Complete	No
Saskatchewan Public Safety Agency	March 31	Note 7	No
Saskatchewan Research Council	March 31	Complete	No
Saskatchewan Rivers School Division No. 119	August 31	Complete	Yes/2018 Rpt V2
Saskatoon School Division No. 13	August 31	Complete	Yes/2018 Rpt V1 & V2
SaskBuilds Corporation	March 31	Complete	No
SLGA Retail Inc.	March 31	Complete	No
South East Cornerstone School Division No. 209	August 31	Complete	No



Agency	Fiscal Year-End ^A	Status at October 30, 2018 ^B	Matters Reported / Related Report(s) ^C
Southeast College	June 30	Complete	No
St. Paul's Roman Catholic Separate School Division No. 20	August 31	Complete	Yes/ 2018 Rpt V1
Sun West School Division No. 207	August 31	Complete	Yes/2018 Rpt V1
TecMark International Commercialization Inc.	March 31	Note 1	
Tourism Saskatchewan	March 31	Complete	Yes/2018 Rpt V1
Water Appeal Board	March 31	Complete	No
Water Security Agency	March 31	Complete	Yes/2018 Rpt V1 & V2
Western Development Museum	March 31	Complete	Yes/2018 Rpt V2
Workers' Compensation Board	December 31	Complete	No
CIC Crown Corporations and related agencies:			
101069101 Saskatchewan Ltd.	March 31	Note 1	
Avonlea Holding, Inc.	March 31	Note 1	
Battleford International, Inc.	March 31	Note 1	
Bayhurst Energy Services Corporation	March 31	Note 1	
Bayhurst Gas Limited	March 31	Note 1	
BG Storage Inc.	March 31	Note 1	
Bruno Holdings Inc.	March 31	Note 1	
CIC Asset Management Inc.	March 31	Complete	No
CIC Economic Holdco Ltd.	March 31	Note 1	
CIC FTLP Holdings Inc.	March 31	Note 1	
CIC FTMI Holdings Inc.	March 31	Note 1	
CIC Pulp Ltd.	March 31	Note 1	
Coachman Insurance Company	December 31	Complete	No
Crown Investments Corporation of Saskatchewan	March 31	Complete	No
DirectWest Canada Inc.	March 31	Note 1	
DirectWest Corporation	March 31	Complete	No
First Nations and Métis Fund Inc.	March 31	Complete	No
Gradworks Inc.	March 31	Complete, Note 10	Yes/2018 Rpt V2
Manalta Investment Company Ltd.	March 31	Note 1	
Many Islands Pipe Lines (Canada) Limited	March 31	Note 1	
Nokomis Holding, Inc.	March 31	Note 1	
Northpoint Energy Solutions Inc.	March 31	Complete	No
Qu'Appelle Holding, Inc.	March 31	Note 1	
Saskatchewan Auto Fund	March 31	Complete	No
Saskatchewan First Call Corporation	March 31	Note 1	
Saskatchewan Gaming Corporation	March 31	Complete	No
Saskatchewan Government Insurance	March 31	Complete	Yes/2018 Rpt V1
Saskatchewan Immigrant Investor Fund Inc.	March 31	Complete	No
Saskatchewan Opportunities Corporation	March 31	Complete	No
Saskatchewan Power Corporation	March 31	Complete	Yes/2018 Rpt V2

Agency	Fiscal Year-End ^A	Status at October 30, 2018 ^B	Matters Reported / Related Report(s) ^C
Saskatchewan Telecommunications	March 31	Complete	No
Saskatchewan Telecommunications Holding Corporation	March 31	Complete	No
Saskatchewan Telecommunications International, Inc.	March 31	Complete	No
Saskatchewan Telecommunications International (Tanzania) Ltd.	March 31	Note 1	
Saskatchewan Transportation Company	March 31	Complete	No
Saskatchewan Water Corporation	March 31	Complete	Yes/2018 Rpt V1
SaskEnergy Incorporated	March 31	Complete	No
SaskPower International Inc.	March 31	Note 1	
SaskTel International Consulting, Inc.	March 31	Note 1	
SaskTel Investments Inc.	March 31	Note 1	
SecurTek Monitoring Solutions Inc.	March 31	Complete	No
SGC Holdings Inc.	March 31	Complete	No
SGI CANADA Insurance Services Ltd.	December 31	Complete	No
Shellbrook Holding, Inc.	March 31	Note 1	
TransGas Limited	March 31	Note 1	
Special purpose and trust funds including pension and benefit plans:			
Capital Pension Plan	December 31	Complete	No
Commercial Revolving Fund	March 31	Complete	No
Community Initiatives Fund	March 31	Complete	No
Correctional Facilities Industries Revolving Fund	March 31	Complete	No
Criminal Property Forfeiture Fund	March 31	Complete	No
Crop Reinsurance Fund of Saskatchewan	March 31	Complete	No
Doukhobors of Canada C.C.U.B. Trust Fund	May 31	Complete	No
Education Scholarship Fund (formerly Prince of Wales Scholarship Fund)	September 1	Complete, Note 4	No
Extended Health Care Plan	December 31	Complete	No
Extended Health Care Plan for Certain Other Employees	December 31	Complete	No
Extended Health Care Plan for Certain Other Retired Employees	December 31	Complete	No
Extended Health Care Plan for Retired Employees	December 31	Complete	No
Fish and Wildlife Development Fund	March 31	Complete	No
General Revenue Fund	March 31	Note 2	
Health Shared Services Saskatchewan Core Dental Plan	December 31	Complete	No
Health Shared Services Saskatchewan Disability Income Plan – CUPE	December 31	Complete	No
Health Shared Services Saskatchewan Disability Income Plan – SEIU	December 31	Complete	No
Health Shared Services Saskatchewan Disability Income Plan – General	December 31	Complete	No



Agency	Fiscal Year-End ^A	Status at October 30, 2018 ^B	Matters Reported / Related Report(s) ^C
Health Shared Services Saskatchewan Disability Income Plan – SUN	December 31	Complete	No
Health Shared Services Saskatchewan Group Life Insurance Plan	December 31	Complete	No
Health Shared Services Saskatchewan In-scope Extended Health/Enhanced Dental Plan	December 31	Complete	No
Health Shared Services Saskatchewan Out-of-Scope Extended Health/Enhanced Dental Plan	December 31	Complete	No
Health Shared Services Saskatchewan Out-of-Scope Flexible Health/Spending Plan	December 31	Complete	No
Impacted Sites Fund	March 31	Complete	No
Institutional Control Monitoring and Maintenance Fund	March 31	Complete	No
Institutional Control Unforeseen Events Fund	March 31	Complete	No
Judges of the Provincial Court Superannuation Plan	March 31	Complete	No
Liquor Board Superannuation Plan	December 31	Complete	No
Livestock Services Revolving Fund	March 31	Note 3	
Métis Development Fund	December 31	Complete	No
Municipal Employees' Pension Commission	December 31	Complete	No
Northern Municipal Trust Account	December 31	Complete	Yes/2018 Rpt V2
Oil and Gas Orphan Fund	March 31	Complete	No
Pastures Revolving Fund	March 31	Complete	No
Pension Plan for Employees of the Saskatchewan Workers' Compensation Board	December 31	Complete	No
Pension Plan for the Non-Teaching Employees of the Saskatoon School Division No. 13	December 31	Complete	No
Power Corporation Superannuation Plan	December 31	Complete	No
Provincial Mediation Board Trust Accounts	March 31	Complete	No
Public Employees Benefits Agency Revolving Fund	March 31	Complete	No
Public Employees Deferred Salary Leave Fund	December 31	Complete	No
Public Employees Dental Fund	December 31	Complete	No
Public Employees Disability Income Fund	December 31	Complete	No
Public Employees Group Life Insurance Fund	December 31	Complete	No
Public Employees Pension Plan	March 31	Complete	No
Public Service Superannuation Plan	March 31	Complete	No
Public Guardian and Trustee of Saskatchewan	March 31	Complete	No
Queen's Printer Revolving Fund	March 31	Complete	No
Residential Tenancies, Office of – Director's Trust Account	March 31	Complete	No
Sask 911 Account	March 31	Complete	No
Saskatchewan Agricultural Stabilization Fund	March 31	Complete	No
Saskatchewan Government Insurance Service Recognition Plan	December 31	Complete	No
Saskatchewan Government Insurance Superannuation Plan	December 31	Complete	No

Agency	Fiscal Year-End ^A	Status at October 30, 2018 ^B	Matters Reported / Related Report(s) ^C
Saskatchewan Pension Annuity Fund	March 31	Complete	No
Saskatchewan Pension Plan	December 31	Complete	No
Saskatchewan Power Corporation Designated Employee Benefit Plan	December 31	Complete	No
Saskatchewan Power Corporation Severance Pay Credits Plan	December 31	Complete	No
Saskatchewan Power Corporation Supplementary Superannuation Plan	December 31	Complete	No
Saskatchewan Research Council Employees' Pension Plan	December 31	Complete	No
Saskatchewan Snowmobile Fund	March 31	Complete	No
Saskatchewan Student Aid Fund	March 31	Complete	No
Saskatchewan Professional Teachers Regulatory Board	August 31	Complete	No
Saskatchewan Telecommunications Pension Plan	March 31	Complete	No
Saskatchewan Water Corporation Retirement Allowance Plan	December 31	Complete	No
SaskEnergy Retiring Allowance Plan	December 31	Complete	No
School Division Tax Loss Compensation Fund	March 31	Complete	No
Social Services Central Trust Account	March 31	Complete	No
Social Services Valley View Centre Grants and Donations Trust Account and Institutional Collective Benefit Fund	March 31	Complete	No
Social Services Valley View Centre Residents' Trust Account	March 31	Complete	No
Staff Pension Plan for Employees of the Saskatchewan Legal Aid Commission	December 31	Complete	No
Teachers' Dental Plan	June 30	Complete	Yes/2018 Rpt V2
Teachers' Disability Plan	June 30	Complete	No
Teachers' Group Life Plan	August 31	Complete	No
Teachers' Superannuation Plan	June 30	Complete	No
Training Completions Fund	March 31	Complete	No
Transportation Partnerships Fund	March 31	Complete	No
Victims' Fund	March 31	Complete	Yes/2018 Rpt V2
Water Security Agency Retirement Allowance Plan	March 31	Complete	No
Offices of the Legislative Assembly:			
Advocate for Children and Youth, Office of the	March 31	Complete	No
Board of Internal Economy/Legislative Assembly Service/Office of the Speaker	March 31	Complete	No
Chief Electoral Officer, Office of the	March 31	Complete	No
Conflict of Interest Commissioner, Office of the	March 31	Complete	No
Information and Privacy Commissioner, Office of the	March 31	Complete	No
Ombudsman and Public Interest Disclosure Commissioner, Office of the	March 31	Complete	No



Agency	Fiscal Year-End ^A	Status at October 30, 2018 ^B	Matters Reported / Related Report(s) ^C
Other agencies:			
Pension Plan for the Eligible Employees at the University of Saskatchewan	December 31	Complete	No
Pension Plan for the Academic and Administrative Employees of the University of Regina	December 31	Complete	No
Technical Safety Authority of Saskatchewan	June 30	Complete	No
University of Regina Non-Academic Pension Plan	December 31	Complete	No
University of Regina	April 30	Complete	No
University of Saskatchewan 1999 Academic Pension Plan	December 31	Complete	No
University of Saskatchewan 2000 Academic Money Purchase Pension Plan	December 31	Complete	No
University of Saskatchewan Academic Employees' Pension Plan	December 31	Complete	No
University of Saskatchewan and Federated Colleges Non-Academic Pension Plan	December 31	Complete	No
University of Saskatchewan	April 30	Complete	No

Note 1: These entities are wholly- or partially-owned subsidiary corporations that are included in the consolidated financial statements of a parent Crown agency.

Note 2: The Ministry of Finance does not prepare financial statements for this Fund.

Note 3: This entity had no active operations.

Note 4: This entity was wound up effective September 1, 2017.

Note 5: This entity was created on December 4, 2017. It includes the previous 12 Regional Health Authorities.

Note 6: This entity was created on February 2, 2018. The first period-end audited was March 31, 2018.

Note 7: This entity was created on November 16, 2017. The first period-end audited will be March 31, 2019.

Note 8: This entity was created on April 1, 2017. The first period-end audited was March 31, 2018.

Note 9: This entity was dissolved effective August 31, 2018.

Note 10: This entity was dissolved effective March 31, 2018.

^A	Fiscal Year-end	Year of last completed integrated audit
	March 31	2018
	April 30	2018
	May 31	2018
	June 30	2018
	July 31	2018
	August 31	2017
	September 30	2017
	December 31	2017

^B "Complete" – the audit was complete.

"Delayed" – the audit was delayed.

^C "No" - no significant issues were reported.

"Yes/2018 Rpt V1" – significant issues are reported in our *2018 Report – Volume 1*.

"Yes/2018 Rpt V2" – significant issues are reported in our *2018 Report – Volume 2*.

Appendix 2

Report on the Financial Statements of Agencies Audited by Appointed Auditors

1.0 PURPOSE

This Appendix summarizes the Office of the Provincial Auditor's views on the financial statements of agencies audited by appointed auditors. It lists audits in which the Office participated for fiscal periods ending between January 1, 2018 and July 31, 2018.

2.0 BACKGROUND

Under *The Provincial Auditor Act*, the Provincial Auditor retains its overall responsibility for audits of all Crown agencies and Crown corporations regardless of who does the audit. The Legislative Assembly allows the Government to appoint auditors to annually audit certain Crown agencies and Crown corporations. **Figure 1** sets out the objectives of the annual audits—we refer to them as annual integrated audits.

The Office, Crown agencies, Crown corporations, and the appointed auditors use the recommendations of the *Report of the Task Force on Roles, Responsibilities and Duties of Auditors* to serve the Assembly's needs efficiently and effectively.^{1,2} The Office includes the results of annual integrated audits done by appointed auditors in its reports to the Assembly. As the Task Force Report expects, the Office provides the Assembly with its views and participation in the audits of agencies' financial statements with an appointed auditor.

Figure 1—Objectives of Annual Integrated Audits

The objectives of each annual integrated audit are to form the following opinions and to report the results to the Assembly:

- An opinion on the financial-related rules and procedures used by the agency to safeguard public resources.
- An opinion on the agency's compliance with the authorities governing its activities related to financial reporting, safeguarding public resources, revenue raising, spending, borrowing, and investing.
- An opinion on the reliability of the agency's financial statements. The appointed auditors' reports on the reliability of each Crown agency and each Crown corporation's financial statements accompany the respective financial statements.

The Government's Summary Financial Statements include the financial results of all agencies controlled by the Government. *Public Accounts 2017-18 – Volume 1* includes the Office's independent auditor's report on the Government's Summary Financial Statements for the year ended March 31, 2018.

¹ For a copy of this report, see our website at www.auditor.sk.ca. The Task Force recommended that the Office give the Assembly a report listing the agencies whose annual integrated audits it participated in.

² In June 1994, the *Report of the Task Force on Roles, Responsibilities and Duties of Auditors* recommended how the audit system for Crown Investments Corporation of Saskatchewan and its subsidiary Crown corporations could function more efficiently and effectively. In April 1995, Treasury Board decided that all Crown corporations and agencies should comply with these recommendations.



3.0 THE OFFICE'S VIEWS ON FINANCIAL STATEMENTS AUDITED BY APPOINTED AUDITORS

The table below provides the Office's views and participation on each financial statement audit completed by an appointed auditor for fiscal years ending between January 1, 2018 and July 31, 2018. As noted below, sometimes the Office varies the extent of its participation.

The table groups agencies and corporations by: regional colleges; other Crown agencies, special purpose and trust funds; other agencies; and CIC, its subsidiary Crown corporations, and other related entities. It lists each Crown agency or corporation whose financial statements are audited by an appointed auditor, the appointed auditor's name, the agency's year-end date, whether the Office participated in the audit, and whether the agency's financial statements are reliable.

Listing of the Office's Involvement in Financial Statement Audits of Agencies with an Appointed Auditor

Name of Agency	Appointed Auditor	Year-End Date	PAS* Participated in Audit	Financial Statements are Reliable
A. Regional Colleges				
Carlton Trail College	Cogent Chartered Professional Accountants LLP	June 30, 2018	Yes	Yes
Cumberland College	NeuPath Group, PC Inc.	June 30, 2018	See ^A	Yes
Great Plains College	Stark & Marsh CPA LLP	June 30, 2018	See ^A	Yes
Northlands College	MNP LLP	June 30, 2018	See ^A	Yes
North West College	Vantage Chartered Professional Accountants	June 30, 2018	Yes	Yes
Parkland College	Miller Moar Grodecki Kreklewich & Chorney	June 30, 2018	Yes	Yes
Southeast College	Cogent Chartered Professional Accountants LLP	June 30, 2018	See ^A	Yes
B. Other Crown Agencies, Special Purpose and Trust Funds				
Agricultural Credit Corporation of Saskatchewan	MNP LLP	March 31, 2018	Yes	Yes
Century Plaza Condominium Corporation	Deloitte LLP	March 31, 2018	Yes	Yes
Community Initiatives Fund	Virtus Group LLP	March 31, 2018	Yes	Yes
Crop Reinsurance Fund of Saskatchewan	KPMG LLP	March 31, 2018	Yes	Yes
Global Transportation Hub Authority, The	Deloitte LLP	March 31, 2018	Yes	Yes
Operator Certification Board	Mintz & Wallace	March 31, 2018	Yes	Yes
Provincial Capital Commission	Virtus Group LLP	March 31, 2018	Yes	Yes
Public Employees' Pension Plan	KPMG LLP	March 31, 2018	Yes	Yes
Saskatchewan Agricultural Stabilization Fund	KPMG LLP	March 31, 2018	Yes	Yes
Saskatchewan Crop Insurance Corporation	KPMG LLP	March 31, 2018	Yes	Yes
Saskatchewan Lotteries Trust Fund for Sport, Culture and Recreation	Virtus Group LLP	March 31, 2018	Yes	Yes

Name of Agency	Appointed Auditor	Year-End Date	PAS+ Participated in Audit	Financial Statements are Reliable
Saskatchewan Research Council	Deloitte LLP	March 31, 2018	Yes	Yes
Saskatchewan Trade and Export Partnership Inc.	KPMG LLP	March 31, 2018	No	See ^c
Water Security Agency	Deloitte LLP	March 31, 2018	Yes	Yes
Tourism Saskatchewan	MNP LLP	March 31, 2018	Yes	Yes
C. Other Agency				
Technical Safety Authority of Saskatchewan, The	MNP LLP	June 30, 2018	Yes	Yes
D. CIC, its Subsidiary Crown Corporations & Other Related Entities				
Crown Investments Corporation of Saskatchewan (CIC)	KPMG LLP	March 31, 2018	Yes	Yes
CIC Economic Holdco Ltd.	See ^B			
First Nations and Métis Fund Inc.	KPMG LLP	March 31, 2018	Yes	Yes
Gradworks Inc. ^D	Dudley & Company LLP	March 31, 2018	Yes	Yes
Saskatchewan Immigrant Investor Fund Inc.	Ernst & Young LLP	March 31, 2018	Yes	Yes
CIC Asset Management Inc.	KPMG LLP	March 31, 2018	Yes	Yes
101069101 Saskatchewan Ltd.	See ^B			
CIC FTLF Holdings Inc.	See ^B			
CIC FTMI Holdings Inc.	See ^B			
CIC Pulp Ltd.	See ^B			
SaskEnergy Incorporated	Deloitte LLP	March 31, 2018	Yes	Yes
Bayhurst Gas Limited	Deloitte LLP	March 31, 2018	Yes	Yes
Bayhurst Energy Services Corporation	See ^B			
BG Storage Inc.	See ^B			
Many Islands Pipe Lines (Canada) Limited	Deloitte LLP	March 31, 2018	Yes	Yes
Saskatchewan First Call Corporation	See ^B			
TransGas Limited	Deloitte LLP	March 31, 2018	Yes	Yes
Saskatchewan Gaming Corporation	KPMG LLP	March 31, 2018	Yes	Yes
SGC Holdings Inc.	KPMG LLP	March 31, 2018	Yes	Yes
Saskatchewan Government Insurance	PricewaterhouseCoopers LLP	March 31, 2018	Yes	Yes
Saskatchewan Auto Fund	PricewaterhouseCoopers LLP	March 31, 2018	Yes	Yes
Saskatchewan Opportunities Corporation	Virtus Group LLP	March 31, 2018	Yes	Yes
Saskatchewan Power Corporation	Deloitte LLP	March 31, 2018	Yes	Yes
SaskPower International Inc.	See ^B			
Northpoint Energy Solutions Inc.	Deloitte LLP	March 31, 2018	Yes	Yes
Saskatchewan Telecommunications Holding Corporation	KPMG LLP	March 31, 2018	Yes	Yes
Saskatchewan Telecommunications	KPMG LLP	March 31, 2018	Yes	Yes



Name of Agency	Appointed Auditor	Year-End Date	PAS* Participated in Audit	Financial Statements are Reliable
Saskatchewan Telecommunications International, Inc.	KPMG LLP	March 31, 2018	Yes	Yes
SaskTel International Consulting, Inc.	See ^B			
Saskatchewan Telecommunications International (Tanzania) Ltd.	See ^B			
Battleford International, Inc.	See ^B			
Avonlea Holding, Inc.	See ^B			
Manalta Investment Company Ltd.	See ^B			
Qu'Appelle Holding, Inc.	See ^B			
Nokomis Holding, Inc.	See ^B			
SecurTek Monitoring Solutions Inc.	KPMG LLP	March 31, 2018	Yes	Yes
Shellbrook Holding, Inc.	See ^B			
SaskTel Investments Inc.	See ^B			
DirectWest Corporation	KPMG LLP	March 31, 2018	Yes	Yes
Qu'Appelle Holding, Inc.	See ^B			
DirectWest Canada Inc.	See ^B			
Bruno Holdings Inc.	See ^B			
Saskatchewan Telecommunications Pension Plan	KPMG LLP	March 31, 2018	Yes	Yes
Saskatchewan Transportation Company	MNP LLP	March 31, 2018	Yes	Yes
Saskatchewan Water Corporation	Deloitte LLP	March 31, 2018	Yes	Yes

* PAS—Provincial Auditor of Saskatchewan

^A The Office reviewed the opinions of the appointed auditor on the reliability of financial statements, effectiveness of processes to safeguard public resources, and compliance with authorities. It also reviewed the appointed auditor's audit findings (including summary of errors) reported to the boards of the agencies. Where necessary, it followed up with the appointed auditor to clarify issues reported.

^B Agency does not prepare financial statements for audit.

^C Consistent with prior years, the Office examines the supervisory work carried out by the funding agency over STEP as part of its annual audit of the funding agency (i.e., Ministry of Trade and Export Development).

^D Gradworks Inc. was dissolved effective March 31, 2018.

Appendix 3

Samples of Opinions Formed Each Year on Ministries, Crown Agencies, and Crown-Controlled Corporations

The Office's *Business and Financial Plan* and *Annual Report on Operations* are the two key accountability reports of the Office. The Plan describes the Office along with its plans for the upcoming year. The Annual Report sets out the Office's financial and non-financial results. They are publicly available on its website (www.auditor.sk.ca).

The Provincial Auditor Act requires the Office to use generally accepted assurance standards published by CPA Canada to carry out its audits.

The scope of the Office's work includes the Government as a whole, sectors or programs of the Government, and individual government agencies (see **Appendix 1**). Individual government agencies are subject to annual integrated audits.

In general, annual integrated audits examine the effectiveness of financial-related controls, compliance with financial-related authorities, and the reliability of financial statements (for agencies who prepare them). The following are samples of audit opinions formed as part of the annual integrated audits.

1. Effectiveness of Internal Controls (Financial-Related)

I have audited [Agency]'s operating effectiveness of internal controls as of [Year-End] to express an opinion as to the effectiveness of its internal controls related to the following objectives.

- To safeguard public resources. That is, to ensure its assets are not lost or used inappropriately; to ensure it does not inappropriately incur obligations; to establish a financial plan for the purposes of achieving its financial goals; and to monitor and react to its progress towards the objectives established in its financial plan.
- To prepare reliable financial statements.
- To conduct its activities following laws, regulations, and policies related to financial reporting, safeguarding public resources, revenue raising, spending, borrowing, and investing.

The Chartered Professional Accountants of Canada (CPA Canada) defines control as comprising those elements of an organization that, taken together, support people in the achievement of the organization's objectives. Control is effective to the extent that it provides reasonable assurance that the organization will achieve its objectives.

[Agency]'s management is responsible for effective control related to the objectives described above. My responsibility is to express an opinion on the effectiveness of control based on my audit.

I used the control framework included in the *Guidance on Control* published by CPA Canada (control framework) to make my judgments about the effectiveness of [Agency]'s control. I did not audit certain aspects of control concerning the effectiveness, economy, and efficiency of certain management decision-making processes.

I conducted my audit in accordance with standards for assurance engagements published in the *CPA Canada Handbook – Assurance*. Those standards require that I plan and perform an audit to obtain reasonable assurance as to the effectiveness of [Agency]'s control related to the objectives stated above. An audit includes obtaining an understanding of the significant risks related to these objectives, the key control elements and control activities to manage these risks, and examining, on a test basis, evidence relating to control.

My audit on the effectiveness of [Agency]'s control related to the above objectives does not constitute an audit of internal control over financial reporting performed in conjunction with an audit of financial statements in *CPA Canada Handbook – Assurance* Section 5925 An Audit of Internal Control over Financial Reporting that is integrated with an Audit of Financial Statements.

Control can provide only reasonable and not absolute assurance of achieving objectives reliably for the following reasons. There are inherent limitations in control including judgment in decision-making, human error, collusion to circumvent control activities, and management overriding control. Cost/benefit decisions are made when designing control in organizations. Because control can be expected to provide only reasonable assurance and not absolute assurance, the objectives referred to above may not be achieved reliably. Also, projections of any evaluation of control to future periods are subject to the risk that



control may become ineffective because of changes in internal and external conditions, or that the degree of compliance with control activities may deteriorate.

In my opinion, based on the limitations noted above, [Agency]'s internal controls were effective, in all material respects, to meet the objectives stated above as of [Year-end] based on the CPA Canada criteria of control framework.

2. Compliance with Legislative Authorities

I have audited [Agency]'s compliance with the provisions of the following legislative and related authorities pertaining to its financial reporting, safeguarding public resources, spending, revenue raising, borrowing, and investing activities during the year ended [Year-End]:

(List legislative and related authorities covered by this report. This list must include all relevant governing authorities.)

Compliance with the provisions of the stated legislative and related authorities is the responsibility of management of [Agency]. My responsibility is to express an opinion on this compliance based on my audit.

I conducted my audit in accordance with standards for assurance engagements published in the *CPA Canada Handbook – Assurance*. Those standards require that I plan and perform an audit to obtain reasonable assurance whether [Agency] complied with the criteria established by the legislation and related authorities referred to above. Such an audit includes examining, on a test basis, evidence supporting compliance, evaluating the overall compliance with these criteria, and where applicable, assessing the accounting principles used and significant estimates made by management.

In my opinion, for the year ended [Year-End], [Agency] has complied, in all significant respects, with the provisions of the aforementioned legislative and related authorities.

3. Reliability of Financial Statements

I have audited the accompanying financial statements of [Agency], which comprise the [statement of financial position] as at [Year-End], and the [statements of operations, change in net debt, and cash flow] for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with [acceptable financial reporting framework] for [Treasury Board's] approval, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of [Agency] as at [Year-End], and [insert appropriate wording to describe financial results] for the year then ended in accordance with [acceptable financial reporting framework].

