



PROVINCIAL AUDITOR
of Saskatchewan

2019 Report – Volume 1

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.

1500 Chateau Tower
1920 Broad Street
Regina, Saskatchewan
S4P 3V2

t 306.787.6398
e info@auditor.sk.ca

This Report and previous Reports are available online at www.auditor.sk.ca

ISSN 0581-8214



PROVINCIAL AUDITOR
of Saskatchewan

June 6, 2019

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 *2019 Report – Volume 1*, 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



2019 Report - Volume 1

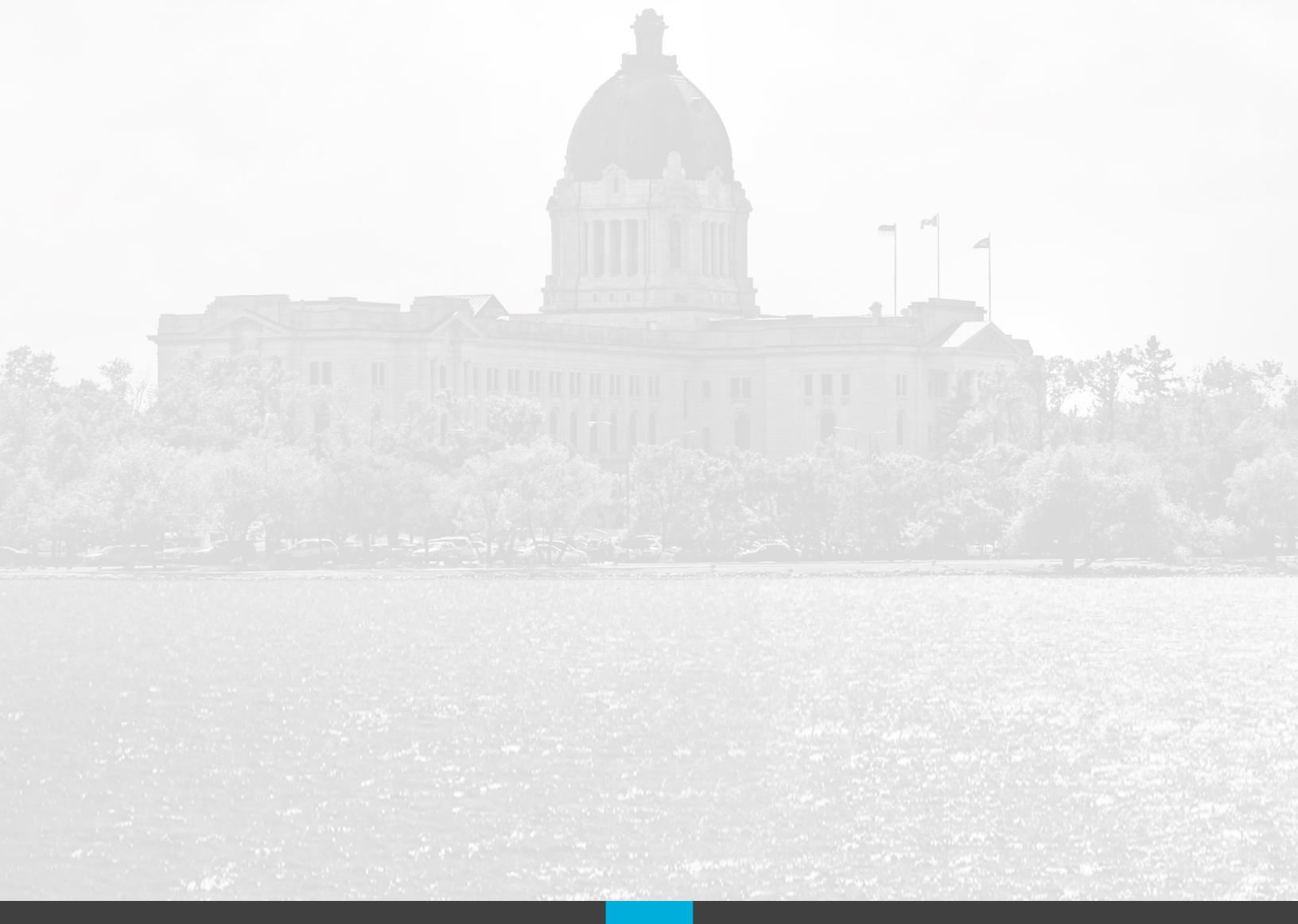


TABLE OF CONTENTS

Overview by the Provincial Auditor 1

Annual Integrated Audits

1	School Divisions	15
2	Summary of Implemented Recommendations	19

Performance Audits and Studies

3	eHealth Saskatchewan—Mitigating Vendor Influence and Related Conflicts of Interest	23
4	Energy and Resources—Auditing Producer Returns for Non-Renewable Resources	43
5	Finance—Public Employees Benefits Agency—Effectively Informing Certain Pension Plan Members.....	61
6	Government Relations— Alerting the Public about Imminently Dangerous Events ..	77
7	Health—Monitoring Opioid Prescribing and Dispensing	95
8	Northern Lights School Division No. 113—Purchasing Goods and Services	121
9	Northlands College—Purchasing Goods and Services	141
10	Saskatchewan Crop Insurance Corporation—Managing Succession of Human Resources.....	159
11	Saskatchewan Government Insurance—Monitoring Fines from the Automated Speed Enforcement Program.....	171
12	Saskatchewan Health Authority—Maintaining Saskatoon and Surrounding Area Health Care Facilities	187
13	Communicating Information about Government Programs and Services in a Non-Partisan Way	207

Follow-Up Audits

14	Central Services—Securing the Data Centre.....	217
15	Central Services—Using Consultants	221
16	Corrections and Policing, and Justice and Attorney General—Leading the Community Safety and Well-Being Initiative	223
17	Education—Capital Asset Planning for Schools.....	229
18	Education—Increasing Grade 12 Graduation Rates.....	233
19	Education—Monitoring School Instruction Time	239
20	Education—Putting into Operation the Education Sector-Wide Strategic Plan.....	243
21	eHealth Saskatchewan—Sharing Patient Data.....	245
22	Energy and Resources—Regulating Pipelines.....	249
23	Environment—Regulating Contaminated Sites.....	253
24	Finance—Monitoring the Fuel Tax Exemption Program.....	257
25	Government Relations—Safe Drinking Water in Northern Settlements	263
26	Health—Co-ordinating the Use of Lean.....	273
27	Health—Providing Special Needs Equipment for Persons with Disabilities.....	277
28	Highways and Infrastructure—Enforcing Vehicle Weight and Dimension Requirements	285



TABLE OF CONTENTS

Follow-Up Audits Continued

29	Immigration and Career Training—Co-ordinating English-Language Programs....	293
30	Immigration and Career Training—Nominating Qualified Immigrant Applications..	297
31	Immigration and Career Training—Working Towards Establishing Outcomes-Based Contracts	301
32	Living Sky School Division No. 202—Engaging Grades 7 to 12 Students	305
33	Prairie Spirit School Division No. 206—Maintaining Facilities	311
34	Saskatchewan Apprenticeship and Trade Certification Commission—Enabling Apprentices to Achieve Certification.....	319
35	Saskatchewan Health Authority—Providing Timely and Appropriate Home-Care Services in the City of Prince Albert and Surrounding Area	323
36	Saskatchewan Liquor and Gaming Authority—Regulating Commercial Permittees’ On-Table Sale of Liquor.....	329
37	SaskPower—Inspecting Gas and Electrical Installations	335
38	SaskTel—Purchasing Fibre Optic Network Upgrade and Other Network Hardware	339
39	Social Services—Placing Minister’s Wards in Permanent Homes	343
40	St. Paul’s Roman Catholic Separate School Division No. 20—Promoting Good Student Health and Physical Fitness	347
41	Technical Safety Authority of Saskatchewan—Inspecting Elevating Devices.....	353
42	University of Regina—Protecting Interests in Research	359
43	Water Security Agency—Co-ordinating Flood Mitigation.....	363
44	Water Security Agency—Ensuring Dam Safety	367
45	Modernizing Government Budgeting and Reporting	371

Appendices

1	Agencies Subject to Examination under <i>The Provincial Auditor Act</i> and Status of Audits	1-1
2	Report on the Financial Statements of Agencies Audited by Appointed Auditors	2-1
3	Samples of Opinions Formed Each Year on Ministries, Crown Agencies, and Crown-Controlled Corporations	3-1

Overview by the Provincial Auditor

1.0 REPORT OVERVIEW

Our Office's mission is *to promote accountability and better management by providing legislators and the public with an independent assessment of the government's use of public resources*. The Office does this through its audit work and reports along with its involvement with legislative committees charged with reviewing its reports.

This Report (Volume 1) includes the results of examinations completed by April 25, 2019. Consistent with past reports, the Report is organized into three sections—annual integrated audits, performance audits and studies, and follow-up audits. The following provides an overview of each of these sections.

Annual Integrated Audits

The **Annual Integrated Audits** section of the Report highlights agencies where an annual integrated audit identified financial- or compliance-related areas for improvement, and recommends changes. In addition, this Section reports on agencies that have taken action to address recommendations resulting from past 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 co-ordinate the financial activities of an agency.

Since the *2018 Report – Volume 2*, the Office along with appointed auditors (if in place) completed annual integrated audits for 28 school divisions with fiscal year ends of August 2018, and 21 pension and benefit plans, as well as a few crown agencies primarily with fiscal year ends of December 2018. **Appendix 2** lists agencies using an appointed auditor.

Only one of these audits identified new concerns—the audit of Lloydminster Public School Division No. 99. The Division needs to independently review and approve its monthly bank reconciliations, and journal entries. Independent reviews and approvals increase the chance of detecting errors or unauthorized changes.

These audits also found four school divisions and one agency sufficiently addressed recommendations made in past audits. Effective financial-related controls help agencies achieve their objectives, and also sustain and improve performance.



Performance Audits and Studies

The **Performance Audits and Studies** section of the Report includes the results of non-financial audit work.

Performance audits take a more in-depth look at processes related to management of public resources or compliance with legislative authorities. 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.

Since the *2018 Report – Volume 2*, the Office completed nine performance audits, focused-audit work at one agency—eHealth Saskatchewan, and a study of government communication practices.

The following provides a brief overview on eight of them.

Chapter 7: Health—Monitoring Opioid Prescribing and Dispensing

Canada is facing an opioid crisis driven by both illegal and prescription opioids. Prescription opioids are one of several approaches to treat chronic pain. In 2016, the Ministry of Health publicly committed to take action to reduce the abuse and diversion of opioids.

It has two main strategies.

First, it supports educating of health care providers about best practice in pain management, prescribing opioids, and identifying opioid misuse. The audit found the Ministry actively supports giving health care providers up-to-date information on these topics. Offering current information helps prescribers provide appropriate treatment, and avoid prescribing high-risk doses of opioids.

Second, it helps self-regulated health care bodies (like the College of Physicians and Surgeons of Saskatchewan) protect the public. Self-regulated health care bodies are responsible for educating or disciplining their members. Since 1988, the Ministry supports a Program designed to identify prescribers with inappropriate prescribing practices by monitoring prescribing of 19 types of opioids. The Ministry spends about \$276,000 annually on this Program.

The Ministry does not know if this Program helps reduce misuse of prescribed opioids. The audit identified various improvements needed in delivering the Program. For example, the Program needs to seek information from physicians about potentially questionable opioid prescribing practice or misuse more promptly. As of March 2019, it had not sought reasons from nearly 150 physicians for potentially questionable prescribing practices that

Number of Canadians hospitalized daily from opioid-related poisonings: 16
Number of Canadians who die daily from opioid-related poisonings: 8
Number of deaths due to drug toxicity in Saskatchewan: 119 in 2018 (117 in 2017)
Canadian city with highest rate of opioid poisoning hospitalizations in 2016-17: Regina (28.3 per 100,000 people)
Number of individuals who received opioid prescriptions in Saskatchewan: 98,947 (2017-18) – almost 360,000 prescriptions
Number of Saskatchewan physicians in 2018: 2,353—they prescribe 95% of opioids in Saskatchewan; dentists and nurse practitioners prescribe the remaining 5%.
Saskatchewan’s prescribing of opioids is well above the national level for the top six prescription opioids.

it identified between April and December 2018. Delays in notifying physicians of prescribing concerns increases the risk of patients potentially receiving opioids inappropriately.

In addition, the Ministry needs to consider whether its current monitoring activities are enough to reduce inappropriate prescribing and dispensing of opioids in Saskatchewan. For example, it did not monitor all opioids prescribed in the province including ones known to be more addictive, and cause overdoses, and death.

The Ministry does not actively monitor opioid dispensing practices of Saskatchewan's 385 pharmacies, or know whether those practices contribute to the opioid crisis. A risk-based monitoring approach would help it determine whether pharmacies properly dispense opioids.

Also, it has not worked with the College of Physicians and Surgeons of Saskatchewan to promote physicians reviewing patient medication profiles before prescribing opioids. Professional bodies in other jurisdictions like Alberta and British Columbia require physicians to do so. Such reviews may help physicians identify a patient's potential for opioid misuse or double-doctoring (i.e., obtaining multiple prescriptions from multiple doctors).

Ineffective monitoring of prescribing and dispensing of opioids may result in increased opioid addiction, abuse and misuse, and diversion of prescribed opioids. This can lead to overdoses and death, as well as additional costs to the health care system.

Chapter 3: eHealth Saskatchewan—Mitigating Vendor Influence and Related Conflicts of Interest

eHealth Saskatchewan is the IT service provider for Saskatchewan health care organizations (like the Saskatchewan Health Authority). In April 2018, eHealth determined two of its staff and one seconded individual accepted, contrary to its code of conduct policy, all expense paid trips from an eHealth vendor. Two of these staff made decisions about buying goods and services.

Undeclared and improperly managed conflicts of interest bring into question the integrity and fairness of decisions.
eHealth has employees in about 350 full-time equivalent positions.

As of March 2019, eHealth had several areas to improve to better mitigate vendor influence, and manage staff conflicts of interest.

eHealth needs more robust conflict of interest, and procurement policies that set clearer expectations of staff involved in purchasing. It also needs to do more to reinforce compliance with its policies.

Moreover, eHealth staff are not declaring conflicts. Audit work identified five employees (former and current) with undeclared conflicts such as personal relationships with other staff or eHealth vendors, or past work history with eHealth vendors. Sixteen of 22 employees tested did not have a completed conflict of interest declaration form.

Audit work identified three eHealth vendors where employees involved in awarding the vendor a contract received vendor-sponsored trips from that vendor. Neither these employees nor the vendors had declared conflicts. eHealth does not track employees with declared conflicts of interest, or record how it manages declared conflicts.



Also, staff are not always acknowledging they read, understood, and complied with eHealth’s Code of Conduct. Audit work identified that three employees refused, without consequence, to acknowledge in writing that they read, understood, and complied with eHealth’s Code of Conduct.

eHealth needs to develop and use an approved policy outlining permitted vendor-sponsored travel. Audit work identified eight instances where eHealth’s vendors paid for eHealth employee travel and training expenses, when contracts with these vendors did not include provisions to permit acceptance of these vendor-paid expenses. For three of these instances, the business reason for the travel was unclear, and for two instances, eHealth employees on these trips participated in awarding contracts to these vendors.

Furthermore, eHealth must document reasons for sole-sourcing purchases. None of the 10 sole-sourced purchases tested had written support for using sole sourcing. In addition as of six months after adopting a new conflict of interest form specific to procurement staff, eHealth had not asked those employees to complete the form before being involved in procurement decisions.

Actively supporting and reinforcing compliance with policies supports a culture of adherence with policies.

Chapter 12: Saskatchewan Health Authority—Maintaining Saskatoon and Surrounding Area Health Care Facilities

Maintenance is one key aspect of asset management.

The Saskatchewan Health Authority does not have effective processes to maintain health care facilities in the City of Saskatoon and surrounding area over their lifespan.

It needs complete and consistent information about each key Saskatoon-area facility and component to provide a basis for a comprehensive risk-based maintenance plan. Our testing found the Authority’s maintenance records were incomplete, and it did not make consistent preventative maintenance decisions on similar assets—some decisions did not align with maintenance requirements of applicable codes. For example, it maintained nurse call systems located in Saskatoon on a monthly basis, and maintained two systems located in rural facilities only when they failed.

The Authority needs guidance on prioritizing maintenance to support completing it within scheduled timeframes. For almost half of 30 preventative maintenance requisitions tested, staff completed maintenance between 11 and 251 days later than the scheduled maintenance date. The Authority retains qualified staff, and relies on their expertise to conduct maintenance.

Number of health care facilities in the City of Saskatoon and surrounding area: over 50
Number of Saskatoon-area maintenance staff: 138 full-time equivalent positions
Average facility condition index of Saskatoon-area facilities: 26% (poor condition)
Estimated deferred maintenance of Saskatoon-area facilities: \$1.5 billion
Effective asset maintenance takes a risk- and evidence-based approach to managing assets through their entire lifespan

Senior management need reports on results of Saskatoon-area maintenance activities. Sufficient analysis and reporting of maintenance results enables determining whether maintenance occurs as expected, and maintenance funding is adequate and efficiently used.

Effective maintenance helps ensure facilities can perform at optimum levels over their lifespan, and reduce service disruptions. Patients, residents, visitors, and staff rely on well-maintained facilities to deliver health care services and to keep facilities safe.

Chapter 4: Energy and Resources—Auditing Producer Returns for Non-Renewable Resources

Each year, the Ministry of Energy and Resources levies just over \$1 billion of revenue from the production and sale of Saskatchewan's non-renewable resources like enhanced oil recovery, potash, uranium, and coal. The Ministry uses audits of producer royalties and taxes as the primary way to validate the accuracy and completeness of taxes that producers remit.

For the year ended December 2018, the Ministry had generally effective processes to assess the completeness and accuracy of producer royalty and tax returns for enhanced oil recovery, potash, uranium, and coal. It needs to improve the following areas.

Revenue the Ministry expects to collect in 2018–19:

Approximately \$693 million from about 170 active oil producers

Approximately \$308 million from three potash producers operating 10 mines

Approximately \$61 million from four uranium producers operating one mine

Number of audits completed: 22 in 2017–18 (48 planned); 55 in 2018–19 (56 planned)

- Maintain an up-to-date audit manual to better support documenting consistently significant audit decisions, procedures, and quality review processes. Having consistent documentation in audit files would enable reviewers to better assess whether Ministry designs and executes audits properly.

For three of eight audit files tested, the quality review was done between 3 and 238 days after the Ministry issued a final assessment notice to the producer; rather than beforehand. Timely reviews allow for adjustments to the audit before finalizing assessment notices.

- Better estimate staff time and costs needed to complete audits. The Ministry did not formally estimate staff time and costs necessary to audit returns within its target (i.e., within two years of producers filing returns).

Budgeting expected staff time and costs facilitates determining resources necessary to complete audits. Tracking actual time spent, and periodically comparing budget-to-actual costs would assess whether audits are done efficiently.

- Eliminate its audit backlog by completing audits consistent with its risk-based audit plan. At December 2018, the Ministry was up to five years behind schedule in completing audits of potash returns, and up to four years behind in completing audits of uranium returns.



Being behind in completing audits increases the risk of not collecting reassessment dollars if producers sell or cease operations before the Ministry verifies the accuracy of the amounts remitted. From April to December 2018, Ministry audits resulted in reassessments amounting to approximately \$26 million of additional revenue, and \$4.5 million in refunds to producers.

Chapter 6: Government Relations—Alerting the Public about Imminently Dangerous Events

SaskAlert is part of a national alerting system—Alert Ready. The Ministry of Government Relations uses SaskAlert to notify the public of emergencies in real time via mobile devices (like cell phones), radio, television, and its website.

At March 2019, about half of Saskatchewan’s municipalities and five percent of Saskatchewan’s First Nations can issue alerts through SaskAlert.

For the 12-month period ending January 2019, the Ministry had generally effective processes for alerting the public about imminently dangerous events that may pose risks to public health and safety. It needs to improve in a few areas.

SaskAlert uses two levels of alerts:

Critical—life and safety are under immediate threat and time is critical—SaskAlert issued 11 critical alerts (e.g., missing vulnerable person) in 2018 including 6 Environment Canada weather alerts

Advisory—when emergencies are occurring or have the potential to occur that can affect decisions people make to protect their safety—SaskAlert issued 359 advisory alerts in 2018 including 260 Environment Canada weather alerts.

About 115,000 mobile device users have downloaded the SaskAlert mobile app—about 12% of Saskatchewan mobile device users

For example, the Ministry needs to maintain a robust and enforceable written contract with the service provider that administers SaskAlert on a day-to-day basis, as well as, trains and supports participating municipalities and First Nations. In addition, it needs to monitor the delivery of those services. Active monitoring would help ensure municipalities and First Nations receive sufficient training and support to issue public alerts properly and promptly.

In addition, it needs to confirm participating municipalities and First Nations complete practice alerts each quarter as expected. Doing regular practice alerts helps ensure they can create accurate and timely alerts when an emergency arises.

Public alerting can help residents and visitors to Saskatchewan adequately prepare for situations that pose risks to their health or safety.

Chapter 8: Northern Lights School Division No. 113—Purchasing Goods and Services Chapter 9: Northlands College—Purchasing Goods and Services

Saskatchewan school divisions and regional colleges use public resources to buy goods and services necessary to support the education of students. The Office audited two northern educational institutions—Northern Lights School Division No. 113 and Northlands College. Buying goods and services in northern Saskatchewan can present some additional challenges given the availability of fewer suppliers, and at times, logistics in transporting goods or services.

The audits found each agency needed to make significant improvements to processes to procure goods and services.

Both need to better align their purchasing requirements with good practices—particularly when using single- or sole-source purchasing. They each need to maintain current Board-approved procurement policies, and enforce them. They also need to establish minimum contract documentation requirements, and keep their supplier listings current.

Using effective processes to buy (procure) goods and services helps ensure public sector agencies make purchase decisions in an open and transparent manner, treat suppliers fairly and equitably, and use public resources wisely.

Chapter 11: Saskatchewan Government Insurance—Monitoring Fines from Automated Speed Enforcement Program

Unsafe speed continues to be a serious concern in Saskatchewan. Speed and aggressive driving are a key cause of collisions. Failure to properly monitor vehicle speed increases the risk of vehicle collisions putting the lives of drivers and passengers at risk.

SGI, on behalf of the Auto Fund, does a fairly good job operating the Automated Speed Enforcement Program under *The Traffic Safety Act* and related regulations. It needs to improve in only a few areas.

Number of cameras installed: 8
Target violation rate: 1% of drivers
Actual violation rate: 0.47%*

Number of violations rejected (no fine): 48,923*

% of violations rejected: 44%*

* From October 2017 to September 2018

The Traffic Safety Act allows for the use of photographs of a vehicle from speed monitoring devices.

SGI needs to enforce the out-of-province speeding provisions of contracts with all three police services. Only the Moose Jaw police service issued fines to registered owners of out-of-province vehicles as SGI's contracts with police services expect. Regina and Saskatoon police services do not. Not enforcing contracts results in inequitable treatment of registered vehicle owners (e.g., inconsistent issuance of fines to out-of-province vehicles).

Also, SGI should regularly determine whether reasons for rejecting violations are consistent with its policies. About 44% of photographs taken (almost 49,000) do not result in fines. Just less than two-thirds of rejected photographs were because of obstructed licence plates, and about one-third because police services choose not to issue fines to out-of-province speeders.

SGI should periodically determine whether the Automated Speed Enforcement Program service provider sufficiently maintains the integrity of data in the IT system used to process Program fines. While our audit work did not identify problems, not periodically determining the data's integrity may result in insufficiently protecting the data in the automated speed enforcement IT system. This may affect the ability to issue fines in a timely way, and accurately. In addition, it increases the risk fine information may not be readily available if challenged in court.



Follow-Up Audits

The **Follow-Up Audits** section of the Report includes the results of periodic audits that assess the sufficiency of action taken to address recommendations from past performance audits and studies. 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 toward improving administration and management of public money.

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. The Office does 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.

Since our last Report, the Office completed 32 follow-up audits. The table on the following pages summarizes the status of recommendations by agency grouped by initial and subsequent follow ups.

The Office notes that the pace in which agencies implement recommendations has slowed from prior years. On an overall basis, agencies implemented about one-half of the recommendations, and partially implemented almost one-third of the remaining. This is lower than the overall implementation rate of three-quarters in our *2018 Report – Volume 1*, and similar to the partially implemented rate in that Report. The Office's discussions with agencies find they remain committed to implementing recommendations but note fiscal pressures are slowing the pace of improvements.

The Office is pleased with the pace of implementation by the Ministries of Corrections and Policing, and Justice and Attorney General on recommendations about the Community Safety and Well-Being initiative (formerly Building Partnerships to Reduce Crime). The Office recognizes that bringing various groups together to work toward a common goal can be complex and take time. The actions these Ministries have taken show their commitment to this initiative, and the importance of supporting participating communities.

The Office notes SaskTel implemented all four recommendations from the 2017 audit of SaskTel's processes to buy fibre optic network-related goods and services. SaskTel strengthened its processes around evaluating purchase proposals, and resolving supplier performance issues.

The Office found the Prairie Spirit School Division No. 208 made significant improvements to processes to maintain its facilities. While further improvements are needed, changes to date position the Division well to having stronger maintenance processes.

In addition, the Ministry of Central Services finally implemented an outstanding 2006 recommendation about having disaster recovery plans for critical client IT systems and data housed at its data centre. The Office notes the Ministry is more actively taking steps to secure government systems and data. It recommends the Ministry do more to ensure the data centre firewalls restrict inappropriate access. Ongoing work on keeping IT

systems and data secure is essential given continual changes in the IT environment and associated risks.

The Office's update on the Government's budgeting and reporting practices found them to be sound but notes, unlike a number of other Canadian provinces, the Government has not embedded key aspects of these practices into law. Embedding practices into law helps ensure they are sustained.

Chapter Name	Related Report ^{A,B}	Number of Recommendations Outstanding	Status of Recommendations				New Recommendations
			Implemented	Partially Implemented	Not Implemented	No Longer Relevant	
Initial Follow-Up Audits							
Corrections and Policing and Justice and Attorney General—Leading the Community Safety and Well-Being Initiative	2016 Report—V1	4	2	1	1	0	0
Finance—Monitoring the Fuel Tax Exemption Program	2016 Report—V1	6	2	1	3	0	0
Health—Providing Special Needs Equipment for Persons with Disabilities	2016 Report—V2	6	0	5	1	0	0
Highways and Infrastructure—Enforcing Vehicle Weight and Dimension Requirements	2017 Report—V1	5	3	1	0	1	1
Immigration and Career Training—Working Towards Establishing Outcomes-Based Contracts	2017 Report—V1	3	1	0	2	0	0
Living Sky School Division No. 202—Engaging Grades 7 to 12 Students	2017 Report—V1	4	2	1	1	0	0
Prairie Spirit School Division No. 206—Maintaining Facilities	2016 Report—V1	7	1	6	0	0	0
Saskatchewan Liquor and Gaming Authority—Regulating Commercial Permittees' On-table Sale of Liquor	2017 Report—V1	6	3	2	1	0	0
SaskTel—Purchasing Fibre Optic Network Upgrade and Other Network Hardware	2017 Report—V1	4	4	0	0	0	0
St. Paul's Roman Catholic Separate School Division No. 20—Promoting Good Student Health and Physical Fitness	2015 Report—V2	5	4	1	0	0	0
Technical Safety Authority of Saskatchewan—Inspecting Elevating Devices	2017 Report—V1	7	3	3	1	0	0
Initial Follow-Ups Subtotal		57	25	21	10	1	1
% of Initial Follow-Ups Subtotal		100%	43%	37%	18%	2%	--
Subsequent Follow-Up Audits^C							
Central Services—Securing the Data Centre	2006 Report—V3 Annually until 2016 Report—V1	2	2	0	0	0	1
Central Services—Using Consultants	2014 Report—V2 2016 Report—V2	1	1	0	0	0	0



Chapter Name	Related Report ^{A,B}	Number of Recommendations Outstanding	Status of Recommendations				New Recommendations
			Implemented	Partially Implemented	Not Implemented	No Longer Relevant	
Education—Capital Asset Planning for Schools	2013 Report—V1 2015 Report—V1 2017 Report—V1	2	1	1	0	0	0
Education—Increasing Grade 12 Graduation Rates	2012 Report—V1 2014 Report—V1 2017 Report—V1	5	4	1	0	0	0
Education—Monitoring School Instruction Time	2009 Report—V3 2011 Report—V2 2014 Report—V1 2016 Report—V1	2	0	2	0	0	0
Education—Putting into Operation the Education Sector-Wide Strategic Plan	2015 Report—V1 2017 Report—V1	1	1	0	0	0	0
eHealth—Sharing Patient Data	2014 Report—V1 2016 Report—V2	2	2	0	0	0	0
Energy and Resources—Regulating Pipelines	2012 Report—V1 2014 Report—V2 2017 Report—V1	3	3	0	0	0	0
Environment—Regulating Contaminated Sites	2008 Report—V1 2009 Report—V3 2011 Report—V2 2013 Report—V1 2014 Report—V2 2017 Report—V1	1	1	0	0	0	0
Government Relations—Safe Drinking Water in Northern Settlements	2012 Report—V1 2016 Report—V1	5	1	4	0	0	0
Health—Co-ordinating the Use of Lean	2014 Report—V2 2016 Report—V2	2	1	1	0	0	0
Immigration and Career Training—Co-ordinating English-Language Programs	2015 Report—V1 2017 Report—V1	3	1	2	0	0	0
Immigration and Career Training—Nominating Qualified Immigrant Applications	2013 Report—V1 2016 Report—V1	2	2	0	0	0	0
Saskatchewan Apprenticeship and Trade Certification Commission—Enabling Apprentices to Achieve Certification	2014 Report—V1 2016 Report—V1	2	1	1	0	0	0
Saskatchewan Health Authority—Providing Timely and Appropriate Home-Care Services in the City of Prince Albert and Surrounding Area	2014 Report—V2 2016 Report—V2	3	3	0	0	0	0
SaskPower—Inspecting Gas and Electrical Installations	2011 Report—V2 2014 Report—V1 2017 Report—V1	1	1	0	0	0	0
Social Services—Placing Minister’s Wards in Permanent Homes	2013 Report—V1 2015 Report—V1 2017 Report—V1	3	2	1	0	0	0
University of Regina—Protecting Interests in Research	2013 Report—V1 2015 Report—V1 2017 Report—V1	3	3	0	0	0	0

Chapter Name	Related Report ^{A,B}	Number of Recommendations Outstanding	Status of Recommendations				New Recommendations
			Implemented	Partially Implemented	Not Implemented	No Longer Relevant	
Water Security Agency—Co-ordinating Flood Mitigation	2014 Report—V2 2016 Report—V2	2	2	0	0	0	0
Water Security Agency—Ensuring Dam Safety	2005 Report—V1 2007 Report—V3 2010 Report—V2 2012 Report—V2 2014 Report—V1 2016 Report—V2	2	0	2	0	0	0
Modernizing Government Budgeting and Reporting	2013 Special Report 2016 Report—V1	8	4	1	2	1	1
Subsequent Follow-Ups Subtotal		55	36	16	2	1	2
% of Subsequent Follow-Ups Subtotal		100%	65%	29%	4%	2%	--
Overall Total		112	61	37	12	2	3
% of Overall Total		100%	54%	33%	11%	2%	--

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.

2.0 ACKNOWLEDGMENTS

The Office appreciates the co-operation it receives from the staff and management of government agencies along with their appointed auditors in the completion of the work included in this Report. It also appreciates the support of the Standing Committees on Public Accounts, and on Crown and Central Agencies.

In addition, as Provincial Auditor, I am proud to lead the Office, and its team of professionals. I personally thank the Provincial Auditor team for their diligence, commitment, and professionalism. Their hard work helps us fulfill our mission.

Provincial Auditor Team		
Amjad, Ahsan	Barrientos, Denise	Berenik, Kathleen
Borys, Angèle	Canarez, Glydel	Clemett, Tara
Cowan, Neil	Deis, Kelly	Demofsky Mallory
Dickin, Deann	Dressler, Nicole	Drotar, Charlene
Fischer, Dean	Fiset, Kari	Forbes, Krysten
Halladeen, Aaron	Hallberg, Angie	Heebner, Melanie
Hordichuk, Mikaela	Iles, Amanda	Kirton, Maygen
Klassen, Linda	Koch, Andrea	Krasivska, Ruslana
L'Heureux, Desirée	Lam, Betty	Lazurko, Lesia



Provincial Auditor Team		
Lindenbach, Michelle	Lowe, Kim	Mantyka, Scott
Matyjanka, Angel	McLaren, Chelsea	McNaughton, Jordan
Merriman, Mason	Olanipekun, Faith	O'Quinn, Carolyn
Pattullo, Candice	Pituley, Jonathan	Rau, Brent
Reimer, Dane	Robertson, Jennifer	Russell, Stephanie
Schwab, Victor	Scott, Doug	Serink, April
Shamrai, Alla	Shaw, Jason	Sparrowhawk, Kaylee
Spitzke, Jordan	St. John, Trevor	Sych, Larissa
Tahir, Rahat	Tahir, Sahar	Tamke, Lorisa
Thurmeier, Brandyn	Tomlin, Heather	Volk, Rosemarie
Wandy, Jason	Warraich, Saad	Wellman, Evan
Wihlidal, Brett	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 gives legislators two key accountability reports each year—its business and financial plan, and its annual report on operations. These describe the Office, including its purpose, accountability mechanisms, staffing, and key systems and practices. These reports are publicly 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

Chapter		Page
1	School Divisions	15
2	Summary of Implemented Recommendations.....	19

Chapter 1

School Divisions

1.0 MAIN POINTS

This chapter summarizes the results of the 2017-18 annual audits of the 28 school divisions. The 2017-18 financial statements of each of these school divisions are reliable, and each complied with authorities governing its activities related to financial reporting, safeguarding public resources, revenue raising, spending, borrowing, and investing.

Twenty-six school divisions had effective rules and procedures to safeguard public resources. Lloydminster Public needs to independently review and approve monthly bank reconciliations and journal entries. Sun West needs to complete documentation of its IT disaster recovery plan. Also, in 2017-18, four school divisions improved their financial-related controls and implemented previous recommendations.

2.0 INTRODUCTION

Over 184,000 students attend more than 760 provincially funded schools each day.¹ *The Education Act, 1995* and related regulations set out the roles and responsibilities of the Ministry of Education and Saskatchewan's 28 school divisions.²

Elected boards of education (school boards), including the Conseil scolaire fransaskois (French language schools), are responsible for administering and managing provincially funded schools (i.e., public, separate, or French language). **Figure 1** provides the combined financial results of the 28 school divisions for 2016-17 and 2017-18. **Appendix 2** of this Report includes a listing of the school divisions.

Figure 1 – School Divisions' Combined Financial Results

	2017-18	2016-17
	(in billions of \$)	
Net Financial Assets (i.e., financial assets [like cash and receivables] less liabilities [like accounts payable and debt])	0.2	0.2
Non-financial Assets (e.g., capital assets such as schools)	2.4	2.5
Grants from the Ministry of Education	1.6	1.5
Property Taxes	0.3	0.7
Other Revenue (e.g., school generated funds, tuition)	0.2	0.2
Total Revenue	2.1	2.4
Expenses	2.2	2.1
Annual (Deficit) Surplus	(0.1)	0.3

Source: Audited school division financial statements.

¹ publications.gov.sk.ca/documents/11/95843-2018-19%20Enrolment%20Stats.pdf (5 March 2019); Saskatchewan schools do not include schools under the responsibility of First Nations or private schools.

² Englefeld Protestant Separate School Division No. 132 voluntarily amalgamated with Horizon School Division No. 205 on June 30, 2018.



3.0 AUDIT CONCLUSIONS

Our Office worked with appointed auditors (see **Appendix 2**) to carry out the annual integrated audits of the school divisions. 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 June 30, 2018 and August 31, 2018:⁴

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

The Education Act, 1995
The Education Regulations, 2015
The School Division Administration Regulations
The Education Property Tax Act
The Financial Administration Act, 1993 (section 38)
The Pension Benefits Act, 1992 (section 44)
The Pension Benefits Regulations, 1993 (section 38)
Pension Benefit Standards Regulations, 1985 (Canada) (sections 9[1], 11[1])

- **The financial statements of each school division are reliable**
- **Each school division had effective rules and procedures to safeguard public resources except for the matters related to the following school divisions: Lloydminster Public and Sun West**

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 each school division'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.

As school divisions' expenses consist primarily of payroll and other goods and services, each audit included examining processes for preparing and processing payroll, and ordering, paying for, and receiving goods and services. Also, as each school division uses IT systems to operate, we examined school divisions' processes to safeguard financial-related IT systems and data.

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

⁴ Englefeld Protestant Separate School Division No. 132 voluntarily amalgamated with Horizon School Division No. 205 on June 30, 2018.

4.0 KEY FINDINGS BY SCHOOL DIVISION

4.1 Lloydminster Public School Division No. 99

Independent Review and Approval of Bank Reconciliations Needed

Lloydminster Public School Division No. 99 did not independently review and approve monthly bank reconciliations.

Regular reconciliations, and the review and approval of such reconciliations, checks that all charges to bank accounts are proper and all money has been received and deposited into the right accounts. It also checks the accuracy and reliability of the accounting records.

1. We recommend that Lloydminster Public School Division No. 99 independently review and approve monthly bank reconciliations.

Independent Review and Approval of Journal Entries Needed

Lloydminster Public School Division No. 99 did not independently review and approve journal entries. Audit testing identified that two staff made journal entries, and there was no independent review and approval of journal entries.

Lack of independent review and approval increases the risk of unauthorized entries made into the accounting records, which could result in decision makers using inaccurate financial information.

2. We recommend that Lloydminster Public School Division No. 99 independently review and approve journal entries.

4.2 Sun West School Division No. 207

Documented Disaster Recovery Plan Needed

We recommended that Sun West School Division No. 207 formally document its IT disaster recovery plan. (2017 Report – Volume 1, p. 22, Recommendation 2; Public Accounts Committee agreement June 12, 2018)

Status – Partially Implemented

By August 2018, Sun West School Division No. 207 drafted an IT disaster recovery plan. The Division expects to finalize and approve the disaster recovery plan during 2018-19.

A formal documented disaster recovery plan would assist the school division in restoring its critical IT systems and data (e.g., accounting system) in the event of a disaster.



5.0 IMPLEMENTED RECOMMENDATIONS BY SCHOOL DIVISION

Figure 2 sets out, by school division, past recommendation(s) and highlights key actions taken to implement each of them during 2017-18.

Figure 2—Implemented Recommendations by School Division

Past Recommendation (Initial PAS Report, Date of Agreement of PAC) ^A	Key Actions Taken During 2017-18 to Implement Recommendations
Île-à-la Crosse School Division No. 12	
We recommended that Ile a la Crosse School Division No. 12 independently review and approve monthly bank reconciliations. (2018 Report – Volume 1, p. 21, Recommendation 1; Public Accounts Committee had not yet considered this recommendation as of April 25, 2019)	During 2017-18, Ile a la Crosse followed its policy for preparing and independently reviewing and approving monthly bank reconciliations.
Prairie Spirit School Division No. 206	
We recommended that Prairie Spirit School Division No. 206 independently review and approve all purchase card transactions. (2018 Report – Volume 1, p. 21, Recommendation 2; Public Accounts Committee had not yet considered this recommendation as of April 25, 2019)	During 2017-18, Prairie Spirit independently reviewed and approved purchase card transactions.
Prince Albert Roman Catholic Separate School Division No. 6	
We recommended that Prince Albert Roman Catholic Separate School Division No. 6 follow its purchasing policy. (2018 Report – Volume 1, p. 21, Recommendation 3; Public Accounts Committee had not yet considered this recommendation as of April 25, 2019)	During 2017-18, Prince Albert Roman Catholic followed its purchasing policy.
Saskatoon School Division No. 13	
We recommended that Saskatoon School Division No. 13 follow its purchasing policy. (2018 Report – Volume 1, p. 21, Recommendation 4; Public Accounts Committee had not yet considered this recommendation as of April 25, 2019)	During 2017-18, Saskatoon followed its purchasing policy.

^APAS – Provincial Auditor of Saskatchewan
PAC – Standing Committee on Public Accounts

Chapter 2

Summary of Implemented Recommendations

1.0 INTRODUCTION

This chapter lists agencies that implemented recommendations from previous annual integrated audits and had no other significant integrated audit findings.

2.0 SUMMARY OF IMPLEMENTED RECOMMENDATIONS

Figure 1 sets out, by agency, the recommendations, as well as highlights key actions taken by the 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 2018 to Implement Recommendation
Municipal Potash Tax Sharing Administration Board	
We recommended that the Municipal Potash Tax Sharing Administration Board submit its audited financial statements to the Minister responsible within the timeframe required by <i>The Municipal Tax Sharing (Potash) Act</i> (2018 Report – Volume 1; p. 18, Recommendation 1; Public Accounts Committee has not yet considered this recommendation as of April 25, 2019)	In 2018, the Board implemented an internal process to ensure multiple individuals are aware of the legislative requirement to submit audited statements. The Board's financial statements for the year ended December 31, 2017 were tabled in the Legislative Assembly within the timeframe required by law (on March 8, 2018).
We recommended that the Municipal Potash Tax Sharing Administration Board obtain the responsible Minister's written approval of the remuneration and expense rates it pays its Board members. It should obtain this approval prior to changing remuneration rates. (2018 Report – Volume 1; p. 18, Recommendation 2; Public Accounts Committee has not yet considered this recommendation as of April 25, 2019)	In 2018, the Board obtained approval of its remuneration and travel expense rates from the Minister responsible. We found the Board expenses claimed during 2018 were made in accordance with these approved rates.

^A PAS – Provincial Auditor of Saskatchewan
PAC – Standing Committee on Public Accounts
CCAC – Standing Committee on Crown and Central Agencies



Performance Audits and Studies

<u>Chapter</u>		<u>Page</u>
3	eHealth Saskatchewan—Mitigating Vendor Influence and Related Conflicts of Interest.....	23
4	Energy and Resources—Auditing Producer Returns for Non-Renewable Resources	43
5	Finance—Public Employees Benefits Agency—Effectively Informing Certain Pension Plan Members	61
6	Government Relations— Alerting the Public about Imminently Dangerous Events..	77
7	Health—Monitoring Opioid Prescribing and Dispensing	95
8	Northern Lights School Division No. 113—Purchasing Goods and Services	121
9	Northlands College—Purchasing Goods and Services.....	141
10	Saskatchewan Crop Insurance Corporation—Managing Succession of Human Resources.....	159
11	Saskatchewan Government Insurance—Monitoring Fines from the Automated Speed Enforcement Program	171
12	Saskatchewan Health Authority—Maintaining Saskatoon and Surrounding Area Health Care Facilities	187
13	Communicating Information about Government Programs and Services in a Non-Partisan Way	207

Chapter 3

eHealth Saskatchewan – Mitigating Vendor Influence and Related Conflicts of Interest

1.0 MAIN POINTS

Conflicts of interest, whether apparent, potential, or real, bring into question the integrity and fairness of decisions made by public servants. Sound policies should assist in mitigating risks associated with conflicts of interest, and vendor influence.

This chapter reports on eHealth Saskatchewan's policies and processes to mitigate vendor influence and related conflicts of interest. eHealth needs to:

- Develop and use an approved policy outlining permitted vendor-sponsored travel

We identified eight instances where eHealth's vendors paid for eHealth employee travel and training expenses but the contract with the vendor did not include specific provisions to pay for these costs. For three of these instances, the business reason for eHealth employees attending conferences outside of Canada was unclear (which were paid for by two eHealth vendors). Two eHealth employees on these trips were also involved in the procurement process for the two vendors.

Having a clear and robust policy will promote a consistent and fair approach across the organization in accepting vendor-sponsored travel.

- Have staff complete written conflict of interest declarations annually, and actively track employees with declared conflicts of interest

Sixteen of 22 employees we tested did not have a completed conflict of interest declaration form in their personnel files. We identified five employees (former and current) with undeclared conflicts.

Requiring mandatory annual written declarations promotes a culture of actively identifying, declaring, and mitigating conflicts.

- Document reasons for sole-source purchases and formally document declarations of conflict by staff involved in vendor selection

None of the 10 sole-sourced purchases that we tested had any written justification. As of March 2019, employees involved in vendor selections were not formally declaring conflicts of interest.

Without formal documentation of potential conflicts or justification for sole-sourcing, eHealth is not facilitating equitable treatment of vendors, and may not have obtained the best value when making purchases.



2.0 INTRODUCTION

2.1 Focus of Audit Work

This chapter contains the results of specified auditing procedures over eHealth's policies and processes to mitigate vendor influence and related conflicts of interest used during the period April 1, 2017 to January 31, 2019.¹ **Section 4.0** sets out our approach, and lines of inquiry.

We decided to do this work because, at times, as part of its vendor contracts (explicitly or implicitly), eHealth accepts vendor-paid training and development opportunities from vendors. In addition, in April 2018, eHealth determined that two of its staff and one individual seconded to eHealth accepted (from an eHealth vendor) flights, hotels, and tickets to events at no cost to the staff or to eHealth. Two of these individuals had decision-making responsibilities over eHealth's procurement of goods and services.

Furthermore, since 2017, eHealth provides IT services to all Saskatchewan government healthcare organizations and their 40,000 health care workers. This consolidation of IT services includes a single approach to the procurement of IT hardware, software, and security for this sector.²

At March 2019, eHealth employed nearly 350 employees in full-time equivalent positions.

For the year ended March 31, 2018, eHealth Saskatchewan had total revenues of \$97.5 million and total expenses of \$95.8 million (including software and hardware maintenance expenses of \$27.2 million and payroll of \$31.4 million). eHealth's 2018-19 budget anticipated total revenues of \$142.9 million and total expenses of \$145.4 million.

At March 31, 2018, eHealth had \$96 million worth of contractual obligations from March 31, 2018 to March 31, 2024, comprised of 137 contracts with 43 different vendors.^{3,4} The majority of these vendors are providing eHealth IT goods and services.

2.2 Managing Conflicts of Interest

Conflicts of interest, whether apparent, potential, or real, bring into question the integrity and fairness of decisions made by public servants. If not properly addressed, conflicts of interest can increase the level of distrust and cynicism toward government, and over time, impact the legitimacy and effectiveness of government actions.⁵

Conflicts of interest exist on a spectrum of severity. In public services, they can take many forms. For example, accepting hospitality or gifts from private sector companies during a

¹ By Order-in-Council 734/2010, on December 14, 2010, Cabinet created eHealth Saskatchewan under *The Crown Corporations Act, 1993*. Its purpose is to procure, implement, own, operate and manage the Saskatchewan electronic health record, and other health information technology (e.g., hospital and radiology systems) for the province of Saskatchewan. eHealth Saskatchewan, *2017-18 Annual Report* (p. 9): www.ehealthsask.ca/about/Pages/annual-reports.aspx. (25 October 2018).

² In 2017, the Government mandated eHealth to consolidate IT services across the health system. eHealth Saskatchewan, *2017-18 Annual Report*, pp 13 and 44.

³ eHealth Saskatchewan, *2017-18 Annual Report*, pp. 52, 58, and 60.

⁴ Information provided by eHealth Saskatchewan management.

⁵ Auditor General of Canada, *2010 Fall Report of the Auditor General of Canada*, Chapter 4 – *Managing Conflict of Interest*, p. 3.

procurement exercise; awarding contracts to suppliers in which the decision-maker has a personal or financial interest; or providing policy advice to government while also working, or consulting, for industry.⁶

Appropriate organizational policies and procedures give staff clarity about accountability or activities of critical importance to an organization including clarity on managing conflicts of interest (see **Figure 1**). In addition, policies promote transparency and accountability.

Figure 1 – Key Steps to Manage Conflicts of Interest



Source: Australian National Audit Office, *Managing Conflicts of Interest in FMA Agencies*, (2013-14).

Key policies include those about conflict of interest, code of conduct, and/or integrity policies that outline expected behaviour of board members, management, staff, and vendors from which an organization purchases goods and services. In addition, procurement policies and procedures should assist in managing and mitigating risks associated with conflicts of interest, and vendor influence.

3.0 KEY FINDINGS AND RECOMMENDATIONS

3.1 Code of Conduct Generally Aligns with Good Practice

eHealth's Code of Conduct aligns with good practice for employees not involved in making purchasing decisions. But as discussed in **Section 3.3**, neither the Code nor other policies include sufficient guidance about code of conduct and conflict of interest considerations for employees involved in making purchasing decisions.

Consistent with good practice, eHealth's Code of Conduct applies to the members of its Board of Directors, senior management, and employees of eHealth along with staff on contract and student learners.

Periodically, eHealth reviews its Code of Conduct to keep it relevant and up to date. eHealth's Board of Directors approved an updated Code of Conduct in September 2018.⁷

⁶ United Kingdom National Audit Office, *Conflicts of Interest*, 2015, p. 6.

⁷ Cabinet appointed new members to eHealth's Board of Directors under Order-In-Council 35/2018 in January 2018. It renewed the appointment of only one member of the prior Board.



Its previous version of the Code was last updated in 2016. The next planned review of the Code of Conduct is in September 2019.

We found that the September 2018 Code of Conduct did not differ significantly from the previous 2016 version. The updated Code includes some additional examples of conflict of interest situations, and more detail about the use of drugs and alcohol at the workplace. It appropriately continues to require Board members, management, and staff to indicate, in writing, that they have read and understood the Code of Conduct and eHealth policies. See **Figure 2** for a brief summary of the Code.

Figure 2—Brief Summary of eHealth Code of Conduct (September 2018)

Sets out expected and acceptable behaviour for the following topics:

- Conflict of Interest
- Conditions when representing eHealth
- Attendance at Work
- Professionalism
- Safe Environment; Drugs and Alcohol
- Protection of Information; Acceptable use of Technology and Information Security, and Corporate Property
- Accounting and Auditing
- Public Interest Disclosure Act; Reporting Violations; Investigation Guidelines; Retaliation
- Related policies (e.g., conflict of interest, procurement, corrective discipline, etc.)

Requires employees and Board members to acknowledge, each year in writing, the following. They read, understand, and comply with eHealth’s Code of Conduct, the corporate policies referenced in the Code, and any other corporate policies that apply to their employment.

With respect to Conflict of Interest: employees are not supposed to engage in activities that are a conflict of interest, could result in a conflict of interest, or could be perceived as a conflict of interest. Conflict of interest situations include:

- Dealings with family, friends, business associates, and former business associates
- Outside employment, directorship, and volunteer activities
- Giving or receiving gifts or entertainment
- Use of corporate information or property for personal gain

Reporting Violations gives employees three options to report a violation of the Code of Conduct including:

- Talk to a manager.
- Make a report to the Vice President of Strategy, Quality, and Risk Management
- Make an anonymous report to a third-party reporting agency (i.e., 24/7 anonymous hotline, or online tool) The Vice President of Strategy, Quality and Risk Management receives all anonymous reports for assessment, unless the report is flagged as “sensitive,” in which case the Chair and the Vice-Chair of the Board receive the report for assessment.

Source: eHealth Code of Conduct Policy.

Our comparison of the content of the updated Code of Conduct against good practice found it comprehensive and aligned for employees not involved in making purchasing decisions.⁸ However, eHealth’s Code does not include considerations about identifying and managing potential conflicts when involved in making purchasing decisions. Specifically, those decisions to determine the need to purchase goods or services, as well as initiating, evaluating and approving those purchases. See **Recommendation 2** about providing explicit guidance about identifying and handling vendor conflicts of interest.

⁸ We found the Code of Conduct and Conflict of Interest Policy for employees of Saskatchewan ministries (Public Service Commission) and commercial crown corporations (CIC) reflected good practice.

3.2 More Robust Staff Conflict of Interest Policy Needed

eHealth's conflict of interest guidelines for its Board members align with good practice; conversely, its policy for staff misses some key aspects.

eHealth maintains two conflict of interest policies—the Board of Directors Conflict of Interest Guidelines, applicable to members of its Board of Directors and some senior management positions, and Staff Conflict of Interest Policy, applicable to the remaining senior management positions, employees, consultants, and students.⁹ The applicability of these policies are consistent with good practice.

eHealth periodically reviews its conflict of interest policies to keep them relevant and up-to-date. eHealth's Board approved the new Board of Directors Conflict of Interest Guidelines in June 2018 and an updated Staff Conflict of Interest Policy in September 2018. The previous version of the policy was updated in 2014. The next planned review is in June and September 2019, respectively.

The Board Guidelines outline that Board members, and some senior management positions, are required to complete a conflict of interest disclosure form annually. Key changes in the September 2018 Staff Conflict of Interest Policy included adding a conflict of interest declaration form, and clarifying to whom the Policy applies (e.g., to consultants).

Our comparison of the Board of Directors Conflict of Interest Guidelines to good practice found that it aligned. It clearly described the types of information to disclose (e.g., personal interests), and the process to disclose them. It required, at minimum, written mandatory disclosures of conflicts of interest upon acceptance of the appointment, when they arise, and on an annual basis. To ensure appropriate parties are aware of a disclosure, it required the confidential distribution of disclosures to all Board members, and applicable senior management positions (i.e., Chief Executive Officer, Corporate Secretary, and Vice President of Finance and Administration).

Our comparison of the Staff Conflict of Interest Policy to good practice found that it did not align in the following key areas.

- It did not include sufficient examples of real, perceived, and potential conflicts of interest; good practice finds inclusion of varied examples help staff identify conflicts.

It did not include any guidance with respect to identifying potential conflicts with vendors or potential vendors. See **Recommendation 6** about requiring staff involved in purchasing activities to make mandatory declarations about conflicts of interest.

- It only requires declarations when hired, and on an ongoing basis as potential conflicts arise—instead of annually like the Board of Directors Conflict of Interest Guidelines.

For the six employees we tested with signed declarations in their personnel files, almost all employees signed the declaration upon hiring with one form being nearly 10 years old.

⁹ eHealth's Board of Directors Conflict of Interest Guidelines apply to the Chief Executive Officer, Corporate Secretary, and Vice President of Finance and Administration.



- While the updated policy appropriately includes a conflict of interest declaration form, instructions on when to complete the form are confusing and seem contrary to the wording of the policy.

The instructions tell staff to complete the form only if they identify a real, perceived, or potential conflict of interest; whereas the policy suggests the form be completed, regardless if a conflict is identified.

We found that, in practice, most staff do not complete the form. Sixteen of 22 employees we tested for completion of forms did not have a completed conflict of interest declaration form in their personnel file. Six of these 16 employees are, or were, in senior management positions at eHealth. The six employees with completed forms did not declare a conflict.

- It did not require documentation as to how to mitigate declared conflicts, and by whom. See **Recommendation 4** about tracking declared conflicts and actions taken to manage them.

Without written declarations on file, eHealth does not have any documented evidence substantiating that an employee has no conflicts of interest.

Requiring mandatory annual written declarations promotes a culture of actively identifying and declaring conflicts. It actively reminds staff of the content and expectations of the policies, and results in more complete, timely, formal declarations of conflicts of interest.

- 1. We recommend that eHealth Saskatchewan require all staff complete written conflict of interest declarations annually.**

3.3 Comprehensive Procurement Policy Needed

eHealth's Procurement Policy does not align with good practice in a number of key areas.

Consistent with good practice, eHealth's Procurement Policy applies to all eHealth staff purchasing goods and services on eHealth's or eHealth's clients behalf.¹⁰

eHealth's Board appropriately approved the Procurement Policy in September 2018. Its previous version was last updated in 2010.

The September 2018 update included a number of key changes that formalized past practices and introduced standard forms to better document various procurement decisions. For example, it requires the use of vendor evaluation committees; and the completion of a form to document staff declarations of conflicts of interest with potential vendors by staff involved in a procurement process; and another form to formally

¹⁰ eHealth provides IT services to Saskatchewan health organizations and their 40,000 health care workers (the Ministry of Health, the Saskatchewan Health Authority, Saskatchewan Cancer Agency, 3sHealth and other healthcare organizations).

document sole source decisions. In addition, it outlines purchasing requirements of applicable external trade agreements (i.e., *New West Partnership Trade Agreement* and *Canadian Free Trade Agreement*).^{11,12}

Figure 3 highlights areas where the Procurement Policy content was consistent with good practice.

Figure 3—Highlights of eHealth Procurement Policy (September 2018)

<p>Has the following purchasing requirements:</p> <ul style="list-style-type: none"> ➤ Purchases less than \$5,000 do not require a competitive bid ➤ Purchases between \$5,000 and \$75,000 require a Request for Quotation—a Request for Quotation is a competitive bid document that may be used to purchase products, materials or services up to \$75,000 that are considered high-value purchases and, therefore, require a minimum of three written quotations from qualified vendors / suppliers ➤ Purchases greater than \$75,000 require a Request for Proposal—a Request for Proposal is a binding competitive bid document that is used to purchase products, materials, and services that have a value that is equal to or greater than the value thresholds under the <i>New West Partnership Trade Agreement</i> or <i>Canadian Free Trade Agreement</i> <p>Expects vendors to disclose any conflicts of interest at the time of bid submission. This is reinforced in the standard Request For Proposal template.</p> <p>Expects the use of a vendor evaluation committee to evaluate vendor submissions for purchases over specific thresholds. The committee is to be comprised of eHealth employees from legal and risk branches, contracts branch, and subject matter experts from the procuring business unit.</p> <p>Requires participants in the procurement, including members of the vendor evaluation committee, to complete individual conflict of interest declarations with respect to the specific procurement.</p> <p>Permits use of sole source arrangements in certain prescribed situations; and requires documenting reasons for its use.^A The Chief Executive Office must approve the award of all sole source procurements.</p>
--

Source: eHealth Procurement Policy, Request for Proposal Template

^A The Chartered Institute of Procurement and Supply defines single source as purposely choosing a single supplier even though others are available (e.g., small purchases, emergency purchases). Sole source is when only one supplier for the required item is available. [www.cips.org/en/knowledge/procurement-topics-and-skills/strategy-policy/models-sc-sourcing--procurement-costs/single-sourcing-vs-sole-sourcing/\(27](http://www.cips.org/en/knowledge/procurement-topics-and-skills/strategy-policy/models-sc-sourcing--procurement-costs/single-sourcing-vs-sole-sourcing/(27) March 2019). eHealth's policy uses the term sole source to capture both single and sole source arrangements.

However, unlike good practices (including policies from SaskBuilds, Crown Investments Corporation of Saskatchewan, and the Ministry of Trade and Export Development), eHealth's Procurement Policy did not contain sufficient guidance on the following four areas:^{13,14}

- **It does not set out what constitutes vendor conflict of interest, what is acceptable/prohibited vendor conduct, and how to respond to identified vendor conflicts**

For example, SaskBuilds' Procurement Code of Conduct clearly outlines procurement behaviour expectations of vendors (see **Figure 4**).

¹¹ *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 (10 April 2019).

¹² *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 (10 April 2019).

¹³ SaskBuilds' procurement-related policies apply to certain Treasury Board agencies such as ministries. SaskBuilds' policies are publicly available on its website (www.saskbuilds.ca). Crown Investments Corporation of Saskatchewan's procurement-related policies apply to its subsidiary crown corporation such as SaskPower, SaskTel, and SGI. Its procurement-related policies are similar to SaskBuilds.

¹⁴ SaskBuilds is a Treasury Board crown corporation whose mandate is to lead infrastructure projects, long-term integrated capital planning, and procurement practices across government.

**Figure 4—Excerpt of SaskBuilds' Procurement Code of Conduct**

Just as there are standards for public entity employees who conduct procurement activities, certain behaviours are also expected from vendors. In particular, vendors are expected to:

- Avoid unethical or compromising actions and behaviours or the appearance of unethical or compromising actions and behaviours in the conduct of business relationships with public entities
- Avoid conflicts of interest or situations that may be perceived to be conflicts of interest
- Not engage in any activity that compromises the public entity's ability to run a fair procurement process, including:
 - attempting to influence an employee of a public entity or any public official to act in an improper manner or to improperly influence an evaluation process
 - participate in any prohibited communications during a procurement process
 - submitting inaccurate or misleading information in response to a procurement opportunity
- Act in accordance with the law
- Fulfill all resulting contractual obligations in a professional and competent manner and in accordance with the terms and conditions of the contract
- Be respectful in their dealings with the public entity

Source: www.saskbuilds.ca/PrioritySK/Files/Policy%20Documents/Item%201%20Procurement%20Code%20of%20Conduct.pdf (23 November 2018).

- **It does not provide guidance on evaluating bid submissions of vendors, nor require the evaluation committee responsible for evaluating the submissions to document their evaluation work**

For example, SaskBuilds' Guide to Preparing a Request for Proposal on its website outlines the vendor evaluation process (see **Figure 5**). This guidance includes aligning the evaluation criteria with the Request for Proposal, creating the evaluation document before the competition closes, informing evaluation team members of their role, and prescribes rules for interviewing vendors and checking references.

Figure 5—Excerpt of SaskBuilds' Guide to Preparing a Request for Proposal

- Creating the Evaluation Document – The evaluation document should be created by members of the evaluation committee and is to be finalized prior to competition closing or proposals being distributed to evaluation team members. This prevents the evaluation team from being influenced by any proposal or potential proposal. The criteria must be based on the content of the Request for Proposal document. Nothing new can be added, therefore it is important to consider all evaluation criteria and ensure the evaluation document is in alignment with the stated requirements when drafting the Request for Proposal.
- Evaluation – During the evaluation process, committee members must treat all suppliers fairly and equally, and evaluate their proposals in accordance with the process described in the Request for Proposal document. Care must be taken throughout the process not to take any actions or make any decisions that could be construed as providing an unfair advantage to any supplier(s). As committee members are entrusted with or have access to information governed by *the Freedom of Information and Protection of Privacy Act*, they must ensure the necessary confidentiality of public entity and third party information. Evaluation committee members will be expected to:
 - Keep the proposals, and any notes they might make relating to them, in a secure place where others will not have access to them
 - Not discuss the proposals or disclose their contents to anyone other than fellow committee members and officials specifically authorized to have access to such materials
 - Retain copies of all notes and memoranda
 - Keep all notes, discussions, and point ratings confidential and not disclose its substance or details to anyone
 - Evaluate the proposals strictly in accordance with the evaluation criteria stated in the Request for Proposal
 - Evaluate proposals solely on information contained therein, not on the committee's previous knowledge of the supplier or its business

- Score proposals strictly in accordance with the methodology and point ranges established in the Request for Proposal
- Ensure proposals are not compared against each other (the only exception is when evaluating total cost)
- **Interviews/Presentations** – Shortlisted suppliers may be given an opportunity to present their proposals where evaluation committee members have an opportunity to ask questions. This step must be mentioned in the Request for Proposal and cannot be added after the competition closes.
- **Checking References** – The timing of, and approach to, checking references is to be indicated in the Request for Proposal document. Regardless of the approach chosen to check references, questions asked should relate directly to the evaluation criteria and the same questions should be asked of all references. Reference questions should be objective, such as “How did you find the supplier’s ability to respond to customer complaints?” Both the questions asked and the answers received must be recorded.

Source: www.saskbuilds.ca/PrioritySK/Files/2018/Procurement%20Guide%20Jan2018.pdf (23 November 2018).

By not including guidance on how to evaluate the vendor proposal in the Procurement Policy, eHealth’s employees may not evaluate all vendors fairly and equitably.

- **It does not explain how or which positions should conduct the contract negotiation with the selected vendor through a competitive bid or sole source purchase¹⁵**

eHealth's Procurement Policy allows for negotiating through a consecutive process or a concurrent process.¹⁶

SaskBuilds' Procurement Guide outlines the contract negotiation process (see **Figure 6**). The Guide outlines negotiating through a consecutive process or a concurrent process. The guidance provides details on how to conduct a contract negotiation so that it is effective and efficient.

Figure 6—Excerpt of SaskBuilds' Procurement Guide

- **Planning for Negotiations** – Advanced planning is required for an effective and efficient negotiation process. Prior to entering into negotiations, the public entity should:
 - Establish the negotiation team and roles and responsibilities of the team members
 - Ensure the negotiation team has the authority to negotiate and understand any limits on that authority
 - Confirm the availability of expert advisors, including legal, financial and technical, as necessary
 - Ensure all team members have a clear understanding of the project requirements and objectives and, in the case of a competitive process, have thoroughly reviewed the Request for Proposal document and the proponent’s proposal
 - Compile a list of all issues that need to be addressed in the negotiations, including any questions or concerns about the proposal
 - Identify and prioritize the objectives of the negotiations
 - Identify any non-negotiable items
 - Prepare a “bargaining binder” that consolidates all of the documents you will need to refer to during the negotiations (Request for Proposal, proposal, issues list, etc.)
- **Initiating Negotiations** – When inviting bidders or suppliers to enter into negotiations, it should be clearly communicated that entering into negotiations does not create any obligation to proceed with an agreement. It may be helpful to have the bidder(s) or supplier submit a list of the issues they want to address in the negotiations prior to the first meeting.

¹⁵ eHealth describes sole sourcing as procuring goods or services from a single vendor without using a competitive process (eHealth Procurement Policy). Good procurement practice distinguishes non-competitive methods between sole and single source. Single source purchasing refers to purchases from one selected supplier, even though there are other suppliers that provide similar products, and sole source is when only one supplier for the required item is available.

¹⁶ In the consecutive negotiation process, the top-ranked vendor is invited to enter into negotiations to finalize the agreement. In the concurrent negotiations and best and final offer process, a short list of top-ranked vendors are invited to enter into concurrent negotiations.



- **Interviews/Presentations** – Shortlisted suppliers may be given an opportunity to present their proposals where evaluation committee members have an opportunity to ask questions. This step must be mentioned in the Request for Proposal and cannot be added after the competition closes.
- **Conducting Negotiations** – When conducting negotiations, it is important to:
 - Identify key issues at the outset of the negotiation process
 - Ensure that everyone involved in the negotiations are aware that any agreements which are reached are subject to approval and no legally binding commitments are made until the final agreement is signed
 - Ensure that information given in confidence by bidders or suppliers is not revealed to others
 - Take a collaborative approach and avoid being defensive or aggressive
 - Take time to consider all information presented and verify and confirm information as necessary
 - Clearly document areas of agreement as the negotiations progress to avoid revisiting issues multiple times
- **Record Keeping** – It is critical that a record of all negotiations be kept for audit purposes. If negotiations are conducted through written correspondence, copies of all such correspondence must be kept in the file. Clear and concise minutes of any in-person or telephone meetings, including date, time, persons present, topics discussed and outcomes, must be kept.

Source: www.saskbuilds.ca/PrioritySK/Files/2018/Procurement%20Guide%20Jan2018.pdf (23 November 2018).

Negotiations are an opportunity to clarify requirements and proposal details to ensure the vendor understands the project and eHealth understands what the vendor is proposing. Having a well-defined process for negotiating contracts will support eHealth in making contract decisions in a fair and unbiased manner.

➤ **It has not established the minimum time for vendor submission of a tender**

The Ministry of Trade and Export Development issued Procurement Guidelines in September 2018, which outline potential suppliers should be given 25 to 35 days to respond to a competitive bid.¹⁷

For all three purchases made through Request for Quotes we tested, eHealth gave potential suppliers less than 10 business days to submit quotes. For two, it required vendors to submit a quote within five business days; for one, it required vendors to submit a quote within 10 business days. These purchases ranged from \$30,000 to \$103,000.

Not giving vendors sufficient time to prepare responses to requests for quotes increases the likelihood that some may not see the request or choose not to respond because of the short timeframe. Fewer responses result in fewer options to acquire goods or services at the best price.

Having a comprehensive policy supports consistent and fair procurement. A comprehensive policy aids staff in documenting procurement steps, showing they followed a transparent process to make procurement decisions.

2. We recommend that eHealth Saskatchewan update its policies over buying goods and services to provide explicit guidance on:

- **Identifying and managing vendor conflicts of interest**
- **Evaluating vendor proposals**
- **Negotiating contracts with selected vendors**
- **Standard tendering time**

¹⁷ Adapted from information provided by the Saskatchewan Ministry of Trade and Export Development.

3.4 More Clarity Required Around Acceptable Vendor-Sponsored Travel

eHealth does not give staff sufficient written guidance on what it considers acceptable vendor-sponsored travel.

As shown in **Figure 7**, eHealth's Staff Conflict of Interest Policy clearly does not permit accepting travel (e.g., flights) from vendors. However, its pre-approval travel/training form expects other parties may help pay for travel.¹⁸ Not providing explicit guidance on where it is acceptable for other parties to pay for travel—such as when items are specifically identified in a contract or purchase order with a vendor—may cause confusion.

Figure 7—Excerpt of eHealth's Staff Conflict of Interest Guidelines

Staff must not accept from an individual, corporation, or organization, directly or indirectly, a personal gift or benefit that arises out of employment with eHealth, other than:

- The exchange of hospitality between persons doing business together
- Tokens exchanged as part of protocol
- The normal presentation of gifts to persons participating in public functions
- The normal exchange of gifts between friends

Staff must not accept gifts, donations, or free services for work-related leisure activities other than in situations outlined above.

The following criteria, when taken together, are intended to guide the judgment of staff who are considering the acceptance of a gift:

- The benefit is of nominal value
- The exchange creates no obligation
- Reciprocation is easy
- It occurs infrequently
- Should the receipt of such gift become public it would not impact the reputation of eHealth

Staff must not solicit a gift, benefit, or service on behalf of themselves or other employees. **Examples of gifts that should be declined include:**

- Gifts or entertainment that could influence, or appear to influence, business decisions
- **Flights and/or registration to events**
- **All expense paid trips**
- Cash gifts

Source: eHealth Staff Conflict of Interest Policy – Appendix C.
Bold emphasis added by Provincial Auditor Saskatchewan.

We identified 37 instances between April 2017 to January 2019 where a preapproved travel/training form indicated someone other than eHealth or the staff member would pay for the travel. We found eHealth employees do not use or fill out the forms consistently.

For 28 forms, eHealth's partners (e.g., Canada Health Infoway) paid for the travel. eHealth employees attended partnership conferences, jurisdiction discussion forums, and various meetings to discuss the national licence for the Electronic Health Record at Canada Health Infoway's request.

Nine other forms indicated eHealth vendors paid for the costs between September 2017 and September 2018.

¹⁸ All employees are supposed to complete a form for pre-approval of out-of-province/country training and travel for eHealth-related business, whether eHealth or a vendor pays for it. The travel/training form includes a section that outlines who is funding the expenses to be incurred. The travel/training form includes three funding options: eHealth, self, and other. Selecting the other funding category implies a vendor or someone other than eHealth or the employee paid for the travel.



In eight of the nine forms, eHealth's agreement (e.g., contract, purchase order) with the vendor did not include specific provisions to pay for these additional costs. These eight instances included:

- For seven travel forms, three of eHealth's vendors paid for registration costs and related travel costs

For three forms, the business reason for attending IT conferences outside of Canada was unclear (paid for by two eHealth vendors). Two employees on these trips were also involved in the procurement process for the two vendors.

A third vendor paid for the four remaining trips, and the trips related to IT software specific meetings in Canada.

- One vendor providing online technical training to eHealth employees with no travel required

At times, vendors may offer their clients gifts to court favour and/or build relationships. Good practice does not permit public sector employees to accept gifts from vendors because of real and perceived risks associated with influencing employees to promote or select that vendor for future contracts.

Good practice also sets out the rules and principles to guide employees and Board members on how to conduct themselves when working with vendors. It provides them with specific guidance and examples (see **Section 5.0** for an example of good practice—Winnipeg Regional Health Authority's Conflict of Interest Policy). Having a clear and robust policy will also promote a consistent and fair approach across the organization in accepting vendor-sponsored travel and improve compliance.

3. We recommend that eHealth Saskatchewan develop an approved policy outlining permitted vendor-sponsored travel.

3.5 Better Enforcement of Code of Conduct and Staff Conflict of Interest Policies Needed

eHealth does not do enough to enforce the consistent application of its Code of Conduct and Conflict of Interest Policies.

With respect to its Code of Conduct, three staff refused to acknowledge, in writing, that they had read, understood, and complied with eHealth's Code of Conduct, the corporate policies referenced in the Code, and any other corporate policies that apply to their employment in the May 2018 annual sign-off for staff.

eHealth's management did not place any consequences on the three staff for not acknowledging their understanding or compliance with the Code of Conduct. Rather, they advised us that they could not force staff to sign the declaration form. As of March 2019, one employee did not complete the annual sign-off from May 2018. One other signed during our audit work, and the other individual sought employment elsewhere since May 2018. Consequences for employees refusing to declare they understand and are following the Code of Conduct, have yet to be determined by eHealth.

As of March 2019, May 2018 was eHealth's last request for annual declarations from staff; 2016 was the last sign-off for Board members. eHealth expects to ask the January 2018 appointed Board members to sign the acknowledgement after they receive training in May 2019.

With respect to conflicts of interest, we found that staff are not reporting real, perceived or potential conflicts.

We identified, through discussions with eHealth staff, and internet searches, five employees with undeclared conflicts. These individuals had personal relationships with other staff or with eHealth vendors, or had past work history with eHealth vendors. As of March 2019, some of these individuals are no longer on staff.

We also found that staff aware of real, potential, or perceived conflicts of other staff are not reporting them. We noted that from April 2017 to March 2019, eHealth's third party agency (see **Figure 2**) received three reports anonymously, none of which pertained to concerns with conflicts of interest.

In addition, managers and staff (who are aware of employee conflicts) told us that they are not made aware of whether an employee has declared real, perceived, or potential conflicts. Management was unable to recall a particular employee who had declared a conflict. eHealth does not know the number of employees that have reported conflicts in the organization or how the conflicts were mitigated. eHealth has a staff of about 350 full-time equivalents.

eHealth does not have a mechanism for tracking employees who have declared conflicts of interest, and recording how the declared conflicts are managed. It does not consistently make appropriate management and staff aware of declarations of conflicts along with steps to resolve the declared conflicts (e.g., not be involved in certain eHealth activities or with certain aspects of its operations).

Not having a systematic approach for tracking declared conflicts of interest and not documenting actions taken to manage them increases the risk of failing to put policies into practice. In addition, it increases the risk of ineffectively identifying and managing individual conflicts. Not putting policy into practice can adversely affect an organization's culture and attitude of staff towards adherence with corporate policies.

4. We recommend that eHealth Saskatchewan actively track employees with declared conflicts of interest, and the actions taken to manage them.

eHealth's Board members are required to sign a conflict of interest declaration on an annual basis. We found all Board members signed a conflict of interest declaration for 2018.



3.6 Formalizing Documentation of Procurement Decisions Delayed

As of March 2019, eHealth has not put into practice new documentation requirements resulting from its September 2018 policy updates. The September 2018 Procurement Policy updates require the completion of two new forms to better document key procurement decisions.

For competitive procurements, individual employee participants involved with a procurement, including members of the applicable vendor evaluation committee, are to complete a form for each procurement to document their declaration of a possible conflict of interest, or state they have no conflict of interest with respect to that procurement. In March 2019, eHealth finished developing a new conflict of interest declaration form for employees involved in procurement processes.

For sole-sourced procurements, the updated Policy requires staff complete a Sole Source Procurement Justification form for purchases over \$5,000. This form standardizes documentation of reasons for using the sole sourcing method, how it determines eHealth is obtaining best value for purchases, and how approval of its use and vendor are selected. It continues to require the approval of the Chief Financial Officer for the use of this method and vendor selection.

As of March 2019, eHealth had not asked employees in the procurement processes to complete the conflict of interest declaration form included in its Staff Conflict of Interest Policy (until it had finished developing its new form).

In addition, it had not required staff to complete the Sole Source Justification form. We identified a sole-sourced purchase made after the September 2018 update, where eHealth staff did not complete the Sole Source Procurement Justification form.

Despite the September 2018 update, eHealth continued to follow its prior processes where it expected staff to justify the use of sole sourcing procurement decisions in their preferred way, and staff involved in procurement activities to verbally declare any conflicts. Management advised us it was unaware of any instances where eHealth employees involved in vendor evaluation verbally declared a conflict since September 2018 (the date the policy was updated).

However, as noted in **Section 3.5**, we found eHealth staff are not always declaring conflicts of interest. We identified three vendors that eHealth awarded vendor contracts where the employees involved in selecting the vendor received vendor-sponsored trips from the selected vendors.

We also found that staff did not often document any justification for their decisions to sole source the purchase of goods and services.¹⁹ None of the 10 sole-sourced purchases (made between April 2017 and March 2019) we tested had any written justification. As a result, eHealth was unable to show us it obtained the best value when making these purchases.

¹⁹ eHealth detailed the need for the purchase of specific IT goods (e.g., hardware, and software) and services (e.g., upgrades, licenses) in its annual budgets. We found the Board appropriately approved eHealth's annual budget.

For 8 of those 10 sole-sourced purchases we found the use of the sole-source method questionable, as the goods/services may have been available from other vendors. The eight purchases ranged from \$15,000 to \$163,000.

Without documented justification of sole-sourced purchases, eHealth is not facilitating fair and equitable treatment of vendors and may not have obtained the best value when making purchases.

5. We recommend that eHealth Saskatchewan follow its policy that requires all sole-sourced procurement decisions have a completed and approved justification form.

Without formally documenting declarations of conflict by staff involved in vendor selection, eHealth cannot show that it has treated potential vendors equitably and fairly.

In addition, by not putting policies into practice promptly, particularly those where past breaches occurred, increases the risk of staff not respecting the importance of complying with them.

6. We recommend that eHealth Saskatchewan follow its policy that requires all individuals involved in making vendor selection decisions complete a standardized conflict of interest form for each procurement.

Management noted it plans to implement the new conflict of interest declaration form related to procurement activities in April 2019.

3.7 Ongoing Training on Key Policies Needed

eHealth needs to give staff more frequent training on key policies like the code of conduct and conflict of interest policies, or sensitive policies such as on vendor-sponsored travel.

eHealth only trains new employees on key policies as part of their new hire orientation. It does not provide ongoing or refresher training to employees, or actively educate staff on changes to key policies.

Rather, eHealth takes more of a passive approach. It makes its policies readily available to all staff on its intranet. It posts staff communications on its intranet when it changes its policies. It requires staff to declare annually that they read, understand, and comply with eHealth's Code of Conduct on a disclosure form, and any other corporate policies that apply to their employment. However, as noted in **Section 3.5**, for staff refusing to sign this declaration, it does not take any specific action.

As of March 2019, eHealth was working on updating its code of conduct and conflict of interest training with the aim to provide it to staff beginning in May 2019, and having staff complete the training annually.

Changes to policies in a work environment has the potential to be disruptive or misunderstood. By incorporating good communication and a strong training plan, eHealth can make the transition smoother for employees and improve compliance with the revised policies. Training provides an opportunity to increase staff awareness of obligations and



expectations policies place upon them. It also provides an opportunity to reinforce the importance of compliance, and to understand the consequences of non-compliance.

- 7. We recommend that eHealth Saskatchewan provide each of its employees with ongoing training on its key policies (such as its code of conduct and conflict of interest policies).**

3.8 Value-Added Items Provided in Vendor Contracts Not Tracked

eHealth does not track the value-added clauses or have a method for monitoring whether it received the value-added items included in contracts. Value-added items include staff training, travel, or other incentives related to the goods or services being procured (e.g. IT software).

We found, at times, eHealth considers value-added items as part of its vendor selection weighted criteria. eHealth expects that certain vendors may offer, and include value-added items, such as staff training and the related travel in their contract bid proposals.

We found one contract that included covering attendance at a customer education conference. eHealth could not show us whether it received the stated services from that vendor. We noted one travel form where a vendor, consistent with the contract, covered training registration costs.

By not tracking or monitoring the receipt of value-added items promised, eHealth may miss receiving benefits that it is paying for as part of contracts, and were a factor used to award the vendor the contract.

- 8. We recommend that eHealth Saskatchewan track value-added items expected and received through vendor contracts.**

3.9 Consistent Compliance with Policies Needed

Staff are inconsistently following eHealth's policies and expected processes.

For example, two of 20 of the purchases (made between January 2017 and July 2018) we tested had support (e.g., contracts, quotes) signed and dated after the vendor started providing services. For one purchase, the vendor was providing services before eHealth issued the purchase order. eHealth appropriately uses purchase orders to outline the services they expect the vendor to supply and at what price. The value of these purchases ranged from \$30,000 to \$80,000.

eHealth's Procurement Policy expects the vendor to be selected and the contract awarded and signed prior to services being provided.

If vendors provide goods or services before finalizing a contract or purchase order, vendors may not fully understand their responsibilities and/or may not fully meet eHealth's needs.

9. We recommend that eHealth Saskatchewan properly approve purchases before it receives the related goods and services.

We also identified staff who did not follow eHealth's travel policy when another party paid for travel expenses for eHealth staff. We identified 37 travel/training forms dated between April 2017 and January 2019 where the form indicated another party would pay for eHealth employee travel. Its travel policy requires staff obtain approval for out-of-province or country training or travel before travelling regardless who pays for the trip. The form outlines who will pay for the travel expenses.

We found two of the 37 forms we tested lacked appropriate approval—that is, the Chief Executive Officer did not approve them—as the travel/training policy requires. In addition, three of 37 forms we tested lacked dates or were dated after the travel took place.

Obtaining prior approvals for travel and training helps to ensure employees plan to attend business-related events at a reasonable cost.

10. We recommend that eHealth Saskatchewan properly approve all vendor-sponsored travel and training in advance of the event.

4.0 SCOPE OF WORK AND APPROACH

This chapter is based on specified auditing procedures. Such procedures do not constitute an audit engagement in that they are not designed to enable concluding on the overall effectiveness of eHealth's policies and processes about mitigating conflicts of interest or vendor influence.

Rather, the specified auditing procedures, at minimum, covered work necessary to answer the lines of inquiry in **Figure 8**. We based the lines of inquiry on good practice identified from reviews of literature. eHealth management agreed they were reasonable.

In addition, we assessed eHealth's related policies and processes in place between April 2017 and January 2019 against relevant good practice. We interviewed employees responsible for administering Codes of Conduct, Conflicts of Interest, and Procurement Policies and processes. We tested samples of purchases and associated support, and travel/training forms for the period from April 2017 to January 2019. See **Section 6.0 Selected References** for key sources and basis for good practice throughout this chapter.

Figure 8—Lines of Inquiry

1. Is code of conduct and conflict of interest framework sound? Consider:
 - training and awareness
 - ongoing mechanisms to disclose potential conflict of interest
 - means to report potential conflict of interest violations confidentially and anonymously
 - processes to identify and discipline violators
2. Are policies and processes for vendor-sponsored travel and training appropriate to avoid vendor influence in procurement decisions?



3. Do procurement policies and processes sufficiently promote vendor evaluations and contract decisions in a fair and unbiased manner? Consider:
- policy communication to staff and suppliers (i.e., vendors)
 - documented basis for, and approval, of procurement approach (e.g., sole source)
 - rationalized and supported evaluations and selections of vendors
 - monitoring and reporting on non-compliance

5.0 EXAMPLE OF GOOD PRACTICE FOR VENDOR CONFLICT OF INTEREST GUIDANCE

We found the Conflict of Interest Policy of the Winnipeg Regional Health Authority provided good guidance in a number of key areas. It explicitly recommends vendors not pay for travel costs unless the items are specifically identified in the Authority's contract or purchase order with the vendor. It also provides examples of allowable services and supports.

Figure 9—Excerpts from Winnipeg Regional Health Authority's Conflict of Interest Policy – Frequently Asked Questions

#	Question	Answer
27	Our program has awarded a contract to a vendor which outlines specific education components including education sessions and support for out of province conferences and training. Are we all right in allowing this type of industry support under this policy? In addition, can this vendor showcase any products not on contract or bring in outside speakers to educate "over and above" the educational components outlined in the contract?	Services and support provided by a vendor in accordance with the provisions of a contract are allowable, as only approved educational requirements form part of WRHA contracts. The rationale is that this type of industry support has been vetted through a contract tendering process, which enables fair and equitable opportunity for vendors to be awarded a contract. The showcasing of products not on contract or bringing external speakers to the WRHA outside the provisions of the contract is problematic in terms of unfairly allowing the potential for vendor influence.
34	What is the policy on education and training provided by vendors for devices not yet purchased by the WRHA? Earlier this year, a physician attended and observed a case out of town. After attending, the physician now feels comfortable in the ordering and potential usage of such a device. If the WRHA was to have purchased a device prior to attending the case, we not only would be guessing on the size requirements, but would have potentially spent significant funds for a device that could be useless.	The intent of this policy is to not interfere with or discourage staff from making informed decisions as long as it is done in a manner that does not open us up to concerns about unfair vendor influence. In this case, it would be acceptable for certain staff to go out of town and observe the use of a device prior to making a purchasing decision but only if this is part of the requirements of a Request for Proposal. The issue of inappropriate vendor influence occurs when a vendor partially or fully pays for one or more WRHA representatives to observe their products outside of any Request for Proposal process.

#	Question	Answer
36	Our program recently purchased a new piece of clinical equipment and it is essential that one of our staff members attend a vendor's training session. The vendor pays all expenses, including travel, for clients to attend these sessions. Can we send one of our staff?	Yes, provided the expenses are reasonable. It is recommended that the training sessions and expenses be incorporated into any purchase contracts with the vendor.
37	I am a participant in the Logistics Product Review Evaluation Standardization process as a work group member. We are currently reviewing bids. One of the bidders has asked me to attend a focus group meeting in Victoria B.C. They are offering to pay for all my expenses. This would be a great opportunity to network with colleagues from across Canada. Can I go?	Accepting this offer will put you in a conflict of interest situation. Others may view this as a means to influence your decision on the tender even though your intentions are good. You should respectfully decline the invitation stating the reason why is it not acceptable. Anyone involved in the contract development process with Logistics should avoid these situations. When in doubt, contact the Regional Manager-Contracting Services for advice. If a Product Review Evaluation Standardization or Work Group member accepts such an offer they may be asked to step down from participating in a contract initiative.

Source: Winnipeg Regional Health Authority Conflict of Interest Policy. www.wrha.mb.ca/about/policy/files/20.10.011.pdf (08 April 2019).

Bold emphasis added by Provincial Auditor Saskatchewan.

6.0 SELECTED REFERENCES

Auditor General of Canada. (2010). *2010 Fall Report of the Auditor General of Canada. Chapter 4 – Managing Conflict of Interest*. Ottawa: Author. http://www.oag-bvg.gc.ca/internet/English/parl_oag_201010_04_e_34287.html. (26 November 2018).

Auditor General of New Brunswick. (2012). *Report of the Auditor General – 2012. Chapter 3 – Department of Health, EHealth – Procurement and Conflict of Interest*. Fredericton: Author. <https://www.gnb.ca/oag-bvg/2012v2/chap3e.pdf>. (26 November 2018).

Government of Saskatchewan (Priority Saskatchewan). (2015). *Procurement Code of Conduct*. Regina: Author. <http://www.saskbuilds.ca/PrioritySK/Files/Policy%20Documents/Item%201%20Procurement%20Code%20of%20Conduct.pdf>. (27 November 2018).

National Audit Office. (2014). *Managing Conflicts of Interest in FMA Agencies*. Canberra: Author. http://www.anao.gov.au/sites/default/files/AuditReport_2013-2014_47.pdf (26 November 2018).

Government of Saskatchewan (Priority Saskatchewan). (2018). *Procurement Guide*. Regina: Author. <http://www.saskbuilds.ca/PrioritySK/Files/Procurement%20Guide%20Jan2018.pdf>. (27 November 2018).



- Government of Saskatchewan (Priority Saskatchewan). (2015). *Procurement Standards Involving Conflict of Interest*. Regina: Author.
<http://www.saskbuilds.ca/PrioritySK/Files/Policy%20Documents/Item%2012%20-%20Procurement%20Standards%20Involving%20Conflict%20of%20Interest.pdf>. (27 November 2018).
- Provincial Auditor of Saskatchewan. (2018). *2018 Report – Volume 1*, Chapter 10 – *Saskatchewan Water Corporation – Purchasing Goods and Services*. Regina: Author.
https://auditor.sk.ca/pub/publications/public_reports/2018/10_Saskatchewan%20Water%20Corporation%E2%80%94Purchasing%20Goods%20and%20Services.pdf. (26 November 2018).
- Public Service Commission. (2014). *Human Resource Manual*. Regina: Author.
<https://taskroom.sp.saskatchewan.ca/how-do-i/access-the-human-resource-manual>. (27 November 2018).
- Treasury Board of Canada. (2014). *Policy on Conflict of Interest and Post-Employment*. Ottawa: Author. <https://www.tbs-sct.gc.ca/pol/doc-eng.aspx?id=25178>. (27 November 2018).
- Winnipeg Regional Health Authority. (2018). *Conflict of Interest Policy*. Winnipeg: Author.
<http://www.wrha.mb.ca/about/policy/files/20.10.010.pdf>. (7 February 2019).
- Winnipeg Regional Health Authority. (2018). *Conflict of Interest Policy – Frequently Asked Questions*. Winnipeg: Author.
http://www.wrha.mb.ca/about/policy/files/10.00.110_FAQ.pdf. (7 February 2019).
- United Kingdom National Audit Office. (2015). *Conflicts of Interest*. London: Author.
<https://www.nao.org.uk/wp-content/uploads/2015/01/Conflicts-of-interest.pdf> (26 November 2018).

Chapter 4

Energy and Resources—Auditing Producer Returns for Non-Renewable Resources

1.0 MAIN POINTS

The Ministry of Energy and Resources levies and collects revenue, on behalf of the Government, from the production and sale of Saskatchewan's non-renewable resources such as potash, uranium, coal and enhanced oil recovery.

The Ministry uses its audits of producer royalties and taxes as the primary way to validate the accuracy and completeness of taxes remitted. To be effective, its audits must be timely and risk-based. In 2017-18, the Ministry's audits resulted in reassessments of additional production taxes and royalties totalling about \$54 million.

For the 12-month period ended December 2018, the Ministry had effective processes to assess the completeness and accuracy of producer royalty and tax returns for potash, uranium, coal, and enhanced oil recovery, other than the following. The Ministry needs to:

- Eliminate its audit backlog by completing audits consistent with its risk-based audit plan

At December 2018, the Ministry was several years behind schedule in completing audits. Not completing audits in a timely manner increases the risk the Ministry may have difficulty collecting reassessment amounts if a producer were to sell or cease operations before an audit was complete. In addition, if a reassessment determines the producer overpaid, then the Ministry is subject to paying interest on overpayments to the producer.

- Consistently document significant audit decisions, audit procedures, and quality review processes

The Ministry's audit manual was out of date. An up-to-date manual would give clear guidance as to expected content of audit files. Consistently documenting key audit decisions and procedures in audit files would enable reviewers to better assess whether audits are designed and executed properly. Setting clear expectations about a timely review process would allow for timely feedback from reviewers before finalizing audits.

- Better estimate staff time and costs needed to complete its audits

Budgeting expected staff time and costs would allow the Ministry to determine audit resources necessary to complete its required audits. Tracking actual time spent, and periodically comparing budget-to-actual costs would enable the Ministry to assess whether audits are done efficiently.



2.0 INTRODUCTION

We audited the Ministry of Energy and Resources processes to assess the completeness and accuracy of producer royalty and tax returns for potash, uranium, coal, and enhanced oil recovery. For the purposes of our audit, producers are any company filing a potash, uranium, coal, or enhanced oil recovery production royalty or profit tax return.

2.1 Non-Renewable Resources Taxes and Royalties

In Saskatchewan, non-renewable resources primarily consist of oil, natural gas, potash, uranium, and coal. Different provincial acts and regulations govern the royalty and tax structures for each of these resources.¹

Laws require each individual mine/project of a producer to submit relevant production taxes and royalties to the Ministry each quarter. Initially, producers submit them based on estimates of their production activity. Then, at the end of the calendar year (e.g., for December 31 calendar year-end submitted by March 31), they must submit them based on actual results. Producers must submit returns that show the basis of their determination of production taxes and royalties. **Figure 1** sets out the number of producers by resource type submitting returns at October 2018.

In 2017-18 and 2018-19, as shown in **Figure 1**, the Ministry levied about \$1.1 billion of non-renewable resource production taxes and royalties.² This is approximately 8% of total Government of Saskatchewan revenue in each year.

Figure 1 – Number of Producers Submitting Royalty and Tax Returns at October 2018, and Ministry Non-Renewable Resources Revenue for 2018–19 and 2017–18

	# of Producers Submitting Royalty or Tax Returns ^A	2018-19 Budget ^B	2017-18 Actual ^C
(in thousands of dollars)			
Oil ^D	22 enhanced oil recovery producers operating 68 projects	\$ 692,900	\$ 650,460
Crown Land Sales	Not applicable	63,900	64,684
Natural Gas	Not applicable	7,200	6,083
Potash	3 producers operating 10 mines	308,000	308,675
Uranium	4 producers operating 1 mine	60,946	76,736
Other Minerals (e.g., Coal, Sodium, Chloride, etc.)	2 coal producers operating 3 mines	31,854	34,018
Total Ministry Non-Renewable Resources Revenue		<u>1,164,800</u>	<u>1,140,656</u>

¹ The Ministry of Energy and Resources is responsible for administering *The Crown Minerals Act* and *The Mineral Taxation Act, 1983*. *The Mineral Tax Act, 1983* and *The Crown Minerals Act* each give cabinet the authority to make regulations related to production tax on non-renewable resources (e.g., *The Potash Production Tax Regulations*), and levying royalties (e.g., *The Crown Mineral Royalty Regulations*, *The Subsurface Mineral Royalty Regulations*). Production taxes on non-renewable resources are based on the volume of non-renewable resources produced. Royalties are payments in return for permission to use government lands. Royalties for non-renewable resources are based on the value of the non-renewable resources produced on leased crown lands.

² Ministry of the Economy *Annual Report 17-18*, p. 21.

	# of Producers Submitting Royalty or Tax Returns ^A	2018-19 Budget ^B	2017-18 Actual ^C
(in thousands of dollars)			
Total Government of Saskatchewan Revenue^E		14,243,500	14,019,268
% of Government of Saskatchewan Revenue		8.2%	8.1%

^A Source: Saskatchewan Operating Mines List (October 2018).

^B Source: Ministry of Energy and Resources records.

^C Source: *Ministry of the Economy Annual Report 2017-18*, p. 21.

^D There are approximately 170 active oil producers, including 22 enhanced oil recovery producers that make up a portion of total oil revenue.

^E Source: *2018-19 Saskatchewan Provincial Budget*, Government of Saskatchewan, p. 70 & *Public Accounts 2017-18 Volume 1 Summary Financial Statements*, Government of Saskatchewan, p. 72.

The Ministry is responsible for determining whether producers comply with applicable royalty and tax legislation, and remit royalties and taxes in accordance with relevant legislation. It has made an Audit Unit within the Revenue and Business Systems Branch responsible for determining this. The Audit Unit employs 11 full-time equivalent staff, and had a budget of \$884,000 for 2018-19.

In 2017-18, the Audit Unit's audits resulted in reassessments of about \$54 million of additional production taxes and royalties including \$5 million in interest, and \$3 million of refunds to producers. For April to December 2018, reassessments resulted in about \$26 million including almost \$2 million in interest and \$4.5 million of refunds to producers.

2.2 Importance of Auditing Producer Returns

The following factors increase the risk of producers submitting incorrect production taxes and royalties.

Legislation over production taxes and royalties for non-renewable resources is complex. It requires producers to make detailed calculations based on numerous factors.

The Ministry is several years behind in its audits of producer returns.³ Periodic changes to the law means both producers and Ministry audit staff must understand both existing and prior laws applicable to years not yet audited by the Ministry.

Changes in producer operations and structures can affect the production taxes and royalties due for a given year. Recently, producers have changed their operations, (e.g., suspend or close mines, reduce production, sell operations, or reduce staff) because of the weak economic value of some non-renewable resources (e.g., oil, uranium). Some producers have changed personnel who determine and submit production taxes and royalties. Furthermore, changes may make information to support past returns not be readily available to Ministry audit staff.

Being behind in audits also increases the risk of the Ministry not collecting reassessment dollars if producers sell or cease operations before it assesses the validity of all remitted taxes and royalties. Furthermore, where an audit identifies that a producer has paid too

³ The law requires the Ministry to obtain a signed waiver from a producer to audit four years or more after the return date. For example, in 2018, the Ministry must obtain waivers for any audits for return periods of 2014, or before, prior to auditing them. Without a signed waiver, the Ministry is unable to perform an audit. To December 2018, the Ministry has not encountered problems in obtaining waivers from producers.



much production taxes or royalties in the past, the Ministry must pay it interest. The longer the time between when the producer paid and when the Ministry completes the audit increases the amount of interest the Ministry owes. In 2017-18, the Ministry paid about \$200,000 in interest to producers (April to December 2018: about \$300,000 in interest).

Ministry audits are the primary way to validate the accuracy and completeness of the producer returns, and in turn, non-renewable resource royalties and taxes. To be effective, the audits must be timely and risk-based.

3.0 AUDIT CONCLUSION

We concluded that for the 12-month period ended December 31, 2018, the Ministry of Energy and Resources had, other than the following areas, effective processes to assess the completeness and accuracy of producer royalty and tax returns for potash, uranium, coal, and enhanced oil recovery.

The Ministry needs to:

- **Complete a comprehensive update of its audit manual, and consistently document key audit decisions, audit procedures, and audit results in audit files**
- **Estimate and monitor the total amount of audit staff time and costs required to complete timely audits of producer returns, and establish the expected timing of quality reviews of audits completed**

Figure 2—Audit Objective, Criteria, and Approach

Audit Objective: To assess whether the Ministry of Energy and Resources had effective processes, for the 12-month period ending December 31, 2018, to assess the completeness and accuracy of producer royalty and tax returns for potash, uranium, coal, and enhanced oil recovery.

Completeness means that producers have submitted all required royalty and tax returns to the Ministry for review. Accuracy means that producers have correctly calculated amounts owing or refundable on returns they submit to the Ministry.

Audit Criteria:

Processes to:

1. Design a risk-based audit plan
 - 1.1 Maintain complete and accurate information on producers (e.g., submission of returns, status of past audits, relevant legislation)
 - 1.2 Utilize a risk-based approach to prioritize audits
 - 1.3 Document a risk-based audit plan
 - 1.4 Set clear guidance for staff (e.g., interpretation of legislation, audit programs)
 - 1.5 Provide producers with clear expectations and guidance on completing returns
 - 1.6 Identify required resources (e.g., timeframes, personnel, IT support, travel costs) to complete audit plan
2. Carry out a risk-based audit plan
 - 2.1 Use qualified staff (e.g., objective, appropriate competencies, properly trained on relevant legislation and on auditing)
 - 2.2 Complete audits as close as possible to producer reporting periods
 - 2.3 Monitor quality of audit work (e.g., conduct quality of reviews)
3. Monitor audit results
 - 3.1 Report results to producers promptly along with expected corrective actions to remedy identified non-compliance
 - 3.2 Track and monitor reassessments
 - 3.3 Implement consequences for non-compliance
 - 3.4 Share summarized key issues, trends, and results of audit quality reviews with 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 Ministry'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 Ministry's management agreed with the above criteria.

We examined the Ministry's policies, procedures, and records that relate to assessing non-renewable resource royalties and taxes. We interviewed relevant staff responsible for assessing producer returns. We tested samples of audit files, audit reports, and other records (such as training of employees, communication with producers, and risk assessments).

4.0 KEY FINDINGS AND RECOMMENDATIONS

4.1 Guidance for Producers on Preparing Returns Sufficient

The Ministry consistently outlines expectations of, and provides producers with sufficient guidance on completing and submitting royalty and tax returns for non-renewable resources. In addition, auditors in the Audit Unit routinely give producers ongoing guidance on completing those returns.

The Ministry makes templates available to producers to assist in completing returns. It maintains templates for the different resources (e.g., potash, coal) and returns (e.g., profit, tax). We found the information on these templates aligned with legislation (e.g., *The Mineral Taxation Act*) and clearly set out return submission deadlines.

The Audit Unit uses a quarterly review of producer returns to monitor receipt of returns (and related submission of production taxes and royalties). This quarterly review checks whether returns contain the required information. In addition, at the end of each fiscal year for project returns of enhanced oil recovery, the Ministry compares estimated production volume and value to the year-end actual amounts. The Ministry calls these quarterly and year-end reviews desk audits.

For the ten desk audits we tested, auditors completed quarterly reviews as expected.

In addition, the Audit Unit leverages its desk audits to give guidance and clarification to producers. Actively sharing results of quarterly reviews aid producers in completing returns.

While we found that changes to legislation were infrequent, the Ministry did an effective job of communicating the impact of legislative changes on the reporting and audit process when they did occur. For example, it explained the impact of the 2017 changes to the potash royalty system.



4.2 Complete and Accurate Information on Producers Maintained

The Ministry maintains an up-to-date listing of producer information for each non-renewable resource and project (i.e., individual mines or enhanced oil recovery project).

Ministry audit staff update producer information for changes that affect the reporting of producer returns and its auditing process. Changes include producer personnel changes or relevant changes to production (e.g., mine suspends production).

To keep its information current:

- For oil, Ministry auditors leverage, on an annual basis, information contained in the Ministry's IT systems about producers and related enhanced oil recovery projects
- For all other types of non-renewable resources (e.g., potash, uranium, coal, etc.), the Ministry auditors, each quarter, use knowledge gained from their quarterly review of producer royalty and tax submissions

In addition, the Ministry tracks the historical results of completed audits of producer returns (e.g., audit assessments for each producer/location). The Audit Unit monitors audits of returns on an on-going basis to identify trends or repeated errors.

Up-to-date information about producers and their related projects provide a foundation for developing a risk-based audit plan.

4.3 Risk-Based Audit Plan Completed Annually

Each year, the Ministry completes an annual audit plan where assessed risks determine the frequency and priority of audits. This plan forms part of the annual plan of the Revenue and Business Systems Branch (i.e., branch that is responsible for the Audit Unit) Plan.

Each spring, the Revenue and Business Systems Branch submits its branch plan for the upcoming year to the Deputy Minister.

The annual branch plan includes the annual risk-based audit plan. This is comprised of a summary of planned audit work for the upcoming year (e.g., the number of audits by non-renewable resource), a detailed listing of the status of outstanding audits (e.g., by return year, by non-renewable resource), and a risk assessment for each type of non-renewable resource. The Branch categorizes audit risks of the accuracy and completeness of producer returns as high, medium, or low.

The Branch uses the risk assessment to determine the frequency and priority of audits.^{4,5} It aims to audit returns assessed as high-risk each year, and medium-risk projects as resources permit. It does not audit returns assessed as low risk.

⁴ Frequency refers to how often the Ministry will complete an audit on a specific project (i.e., higher risk projects will have an audit completed each year).

⁵ Priority refers to how the Ministry chooses which audits to complete first. The Ministry will typically complete older audit periods of high-risk first and move toward moderate risk projects that have recent reporting periods.

To prepare the annual audit plan, each year, the Audit Unit assesses producer information and project risk level of each enhanced oil recovery project.⁶ It bases its assessment on different factors (e.g., potential for operator to require payment to the Ministry, prior year audit adjustments, size of project).

The Branch views all potash, uranium and coal returns as high risk.⁷ These returns include a high volume and various types of transactions; and individual returns support large dollar values of production taxes and/or royalties.

In addition, we found senior Branch management appropriately approved the 2018-19 audit plan before submitting the Branch Plan to the Deputy Minister. We confirmed the Branch gave each auditor the 2018-19 Branch Plan.

Having a risk-based audit plan helps the Ministry use audit resources more effectively by focusing audit effort on returns with a greater risk of the producer not having submitted the right amount of production taxes and/or royalties.

4.4 Clear Long-Term Plan to Eliminate Backlog of Audits Needed

The Ministry does not have a clear long-term plan as to when it expects to audit producer returns. At December 2018, the Ministry was behind on the completion of audits of producer returns—up to five years behind on potash audits, and up to four years behind on uranium audits. At December 2018, it had not completed audits of 85 producer returns related to years on or before 2016.

In 2017, the Audit Unit developed an audit backlog reduction plan (last updated in September 2017) with an objective of conducting all audits within two years of the filing date (i.e., it would audit 2016 returns filed in March 2017 by March 2019). This plan included a strategy to eliminate its backlog of audits over five years (that is, conduct 20% more audits than new audits added to its annual workload).

Our analysis of the 2017-18 and 2018-19 audit plans and completed audits found that the Ministry was making limited progress in addressing its backlog. We found the following:

- For the two-year period April 1, 2017 to March 31, 2019, the Audit Unit expects to have reduced its backlog of audits by six instead of 18 as anticipated under the backlog reduction plan.⁸
- The Audit Unit did not plan to reduce its backlog of audits in 2017-18. For the four significant revenue streams (i.e., potash, uranium, coal, and enhanced oil recovery), it planned to complete 48 audits; whereas the reduction plan anticipated completing at least 66 audits (i.e., 20% more than the 55 new audits added for 2017-18). The Unit completed 22 audits for those four streams—44 audits less than the backlog reduction target.

⁶ Companies can have more than one enhanced oil recovery project.

⁷ The Ministry has assessed potash crown royalty returns as low risk beginning with 2018 returns because of the 2017 changes in the potash royalty system.

⁸ 18 is comprised of 11 for 2017-18 (20% of 55 new audits) and 7 for 2018-19 (20% of 36 new audits).



- The Audit Unit planned to reduce its backlog of audits in 2018-19 faster than the backlog reduction plan expected. For the four significant revenue streams, it planned to complete 56 audits; whereas the reduction plan anticipated completing at least 43 audits (i.e., 20% more than the 36 new audits added for 2018-19).⁹ As of December 2018, the Unit expects to complete 55 audits for those four streams in 2018-19—12 audits more than the backlog target.

Not completing audits in a timely manner increases the risk of more costly and time-consuming audits. This is because of the potential for added complexity and time resulting from changes in producer operations, structures and personnel, and changes to legislation. In addition, it increases the risk of increased interest costs to the Ministry where audits result in a refund to a producer (e.g., a return that has a refund assessment after four years would accumulate additional interest expense to the Ministry).¹⁰ See **Recommendation 1** about estimating staff time and costs required to audit returns.

Management advises us that it was behind in the completion of audits because some types of audits took longer than it had anticipated, and the Ministry did not have sufficient audit staff. As reflected in its 2018-19 Branch Plan, the Ministry hired three additional full-time auditors—two in October 2018, and one in January 2019.

4.5 Better Estimation of Planned Audit Staff Time and Costs Needed

The Ministry does not formally determine staff time and costs necessary to complete audits of producer returns within two years of the producer filling the return.

Having this estimate would help it determine its overall resource needs to carry out timely audits of returns. It would also help it determine if differences exist between its overall resources needs and existing audit staff complement, and steps to take, if any.

The Branch bases the total number of audits it plans to complete in the upcoming year on its expected audit staff complement for that year, and a preliminary (undocumented) estimate as to how much time it expects audits of different types of returns to take.

We found that the Audit Unit also makes preliminary estimates of time to complete audits when assigning audits to individual auditors. It incorporates these estimates into the work plans of individual auditors. Auditors, typically, prepared their work plan at the start of each fiscal year.

For each of the nine individual-auditor work plans we tested, the work plan set out the preliminary expected time to complete specific audits assigned to the auditor.

In addition, the Audit Unit expects auditors, when planning audits of individual returns, to include estimated hours to complete the audit in the audit plan for that return. The Audit Unit does not compare these estimates to the Unit's preliminary estimates.

⁹ For 2018-19, the Branch planned to commence and/or complete 15 high-risk and 10 medium-risk enhanced oil recovery project audits, 8 potash profit tax audits, 15 potash crown royalty audits, 5 uranium audits, and 3 coal audits.

¹⁰ At December 2018, the Ministry has paid producers interest of approximately \$300,000 related to overpayments in production taxes and royalties for audits completed during 2018-19.

Five of ten audits we tested had audit plans that identified overall planned hours for completion. None of these five plans included the basis for estimated hours (e.g., prior year actual hours, or actual audit hours of a similar return) or where auditor expected to spend significant time (e.g., completion of audit procedures, vetting findings with producer).

The Ministry does not compile, on an overall basis, its estimates of staff time (hours) to complete audits for the upcoming year to show that the number of audits it expects to complete is doable.

Having a consistent process to budget and estimate expected staff time and costs necessary to audit returns helps determine audit-staffing requirements to complete audits within expected timeframes. In addition, having budgets enables monitoring the timeliness and efficiency of its audits, and identifying areas for improvement.

1. **We recommend that the Ministry of Energy and Resources estimate staff time and costs required to audit producer returns for non-renewable resources production taxes and royalties.**

4.6 Auditor Work Plans Used to Communicate Priority Audits

The Audit Unit uses work plans of individual auditors to document its allocation of planned audits for the upcoming year, and expected timing of each audit.

By setting out the expected timing, the Ministry communicates to individual auditors which audits are the highest priority audits.

For each of the nine individual-auditor work plans we tested, the work plan allocated specific audits to an auditor. For each assigned audit, it set out expected completion. However, for one of the nine plans we tested, expected completion was before the end of the year instead of the planned month of completion.

Having a clear and documented process to allocate and prioritize audits helps ensure auditors complete higher priority audits first.

4.7 Audit Manual Requires Updating

The Ministry's Audit Manual is not up to date.

The Audit Manual (last updated in 2005) appropriately outlines key auditor responsibilities, and various expectations for auditing producer tax and royalty returns. It suitably recognizes differences exist between audits of returns of the various resources due to differences in legislated requirements, industry risks, reporting structures, etc. **Figure 3** provides some expectations currently outlined in the Ministry's Audit Manual.

**Figure 3—Examples of Expectations in Ministry Audit Manual**

- Expects auditors to prepare audit plans for each individual audit. It recognized that plans would differ depending on the non-renewable resource and type of return audited. It sets out expected content of those plans (e.g., planned audit completion date, prior year results, and expected audit procedures). It includes guidance on assessing audit risks, and developing audit plans.
- Includes guidance on drafting reports on the results of the audit (use of audit proposals), and issuing notice of assessments for additional production taxes or royalties assessed or refunds for overpayments.
- Sets out processes to monitor the quality of the audits (e.g., review of the audit file by a person other than the auditor).

Source: Ministry of Energy and Resources Audit Manual.

However, the Audit Manual does not reflect current practices of the Audit Unit, and the Ministry's expectations about auditing producer returns. We found:

- The audit risk guidance in the Manual differed from the risk-assessment methodology used to prepare the Unit's annual audit plan, and to determine the expected frequency and priority of audits.
- The Manual did not include expectations for completing audits of returns within a specified timeframe (e.g., within two years of filing date).
- The Manual did not include guidance on communicating timely audit results. For example, it does not include timeframes for providing results to producers after completion of fieldwork (e.g., 30 days).
- The Manual did not mention its practice of giving producers time to re-file returns. Since 2017, the Ministry gives producers a six-month window for producers to adjust subsequent returns after an audit has been completed.¹¹ For example, after 2014 audit results were provided, the producer would have six months to re-file the 2015, 2016, and 2017 returns to prevent the same error from occurring in those returns.

In addition, we found that the Audit Manual did not provide guidance on a number of key audit areas. For example, it did not provide guidance on:

- Assessing if the underlying data used to prepare returns is reliable
- Determining materiality for audits of returns other than enhanced oil recovery returns (e.g., potash, uranium)¹²
- Establishing what is a timely quality review of the audit file (e.g., prior to issuing additional notice of assessments or refunds to a producer)

Not having established expectations for timely completion of audit work, communication of audit results, or review of audit work increases the risk of delays or problems in completing audits (e.g., can increase interest expense, delay payment, impact accuracy of reporting, etc.). Not having a consistent documented policy for the risk assessment and prioritization of audits can result in inappropriate or inconsistent audit completion.

¹¹ This is communicated to producers through the Ministry's Common Questions About Audits document, which is available on the Government of Saskatchewan publications website.

¹² Materiality is a threshold above which auditors view missing or incorrect information to have an impact on users decision making.

Not reviewing the currency of the Audit Manual periodically increases the risk that procedures become outdated, and staff viewing it as irrelevant. This in turn increases the risk of staff not following it when auditing producer returns.

2. We recommend that the Ministry of Energy and Resources maintain its audit manual used during audits of non-renewable resources production taxes and royalties.

At December 2018, the Ministry has begun to revise certain sections of the manual (e.g., *Section 205—Guidance on non-renewable resource audit procedures*, *Section 208—Application of Audit Assessments*). It anticipated completing these revisions by the summer of 2019.

4.8 Useful Additional Guidance and Expectations for Auditors Provided

The Ministry maintains useful audit programs, standard audit program templates (forms), and other forms to help auditors audit producer returns.

We found standard audit programs (i.e., checklists) exist for each non-renewable resource (e.g., uranium). They clearly outlined expected audit procedures. They included general procedures (e.g., prepare and submit audit plan to audit manager) as well as detailed reconciliations and verification procedures (e.g., verifying production levels reported in returns to production reports).

In all ten audits we tested, auditors consistently used the key relevant audit programs when completing audits.

Maintaining clear audit guidance provides auditors with expectations for audit procedures and increases the likelihood that sufficient and appropriate audit work is completed.

4.9 Qualified Staff Used and Appropriate Training Provided

The Ministry uses appropriately qualified auditors to audit production and royalty producer returns. It assigns audits to auditors with an appropriate level of experience.

The Ministry hires professional accountants or individuals interested in becoming a professional accountant as auditors.

At December 2018, the Audit Unit had 11 auditors—6 auditors with a professional accountancy designation (i.e., Chartered Professional Accountant), and 5 auditors working towards achieving one. Four auditors had over five years of experience auditing producer returns.

In addition, the Ministry provides training to new audit staff (i.e., initial orientation when starting employment and on-the-job training through supervision of senior auditors).



It provides auditors with ongoing training to enable them to maintain or pursue their professional accountancy designations. This includes access to workshops, legislation change updates, specific industry training (e.g., oil, gas, and other minerals), and areas relevant to auditing (e.g., analytical sampling tools).

For all ten files we tested, the assigned auditor's knowledge and level of expertise aligned with the complexity of the return. For example, we found more complex audits we tested had at least one senior auditor assigned. Auditors with less than five years of experience were assigned to lower complexity audits or assisted a senior auditor on a more complex return.

Having qualified staff and training programs available increases the quality and consistency of audit work.

4.10 Audit Expectations Communicated Consistently and Clearly to Producers

Ministry auditors consistently communicated expectations to producers prior to starting the audit of a return.

For all ten audits of producer returns we tested, the Ministry auditors sent an audit commencement letter to the producer before they started the audit. The letter set out key information about the planned audit such as the return year being audited, planned timing of the audit, documentation expectations, and information requirements of the producer.

Communicating expectations with producers establishes the requirements of the audit and can reduce misunderstandings later in the audit process.

4.11 Consistent Documentation in Files Needed

Contrary to Ministry expectations, auditors did not consistently document key audit information, nor complete certain audit work in audit files.

For the ten audits we tested, we identified the following inconsistencies in documentation in the related audit file:

- Seven audit files did not include the expected cost of audit resources (i.e., total dollar of resources required). Of these files, only two identified expected travel costs
 - Two of ten audit files tested did not include an expected completion date in the audit plan as the Audit Manual expects
 - One of six audit files that required a materiality calculation did not have support for the determination of materiality
 - Five of ten audits did not document consideration of prior year audit results when planning the current audit
 - Two of six audits using samples did not include support for the sample size used. For all six files tested, the file did not refer to where the specific sample was tested
-

Documenting key audit decisions and results of audit work shows the audit is appropriately designed and executed. Inconsistent and incomplete documentation in audit files can result in not having sufficient and appropriate support for audit results, and for the basis of additional assessments or refunds. In addition, inconsistent or incomplete documentation may result in expending additional resources in the event of a disagreement with a producer on audit findings.

3. **We recommend that the Ministry of Energy and Resources consistently document key audit decisions, audit procedures, and results of audit work in files of audits of producer returns for non-renewable resources production taxes and royalties.**

4.12 Review of Audit Files Can Be Improved

Quality Reviews Not Confirming Consistency of Audit Documentation

Although the Ministry has an appropriate process to review the quality of its audits of producer returns, reviews did not always make sure audit files for audits of producer returns consistently documented plans, and audit work, as its Audit Manual expects.

Consistent with good practice, the Ministry reviews the quality of each audit file. The primary purpose of the review is to reduce the risk that an auditor may have missed or incorrectly assessed an error. A person (other than the auditor who did the audit) does the review. In addition, the manager of the Audit Unit reviews the results of the quality review to verify that required information is in an audit file.

For nine of the ten audit files of producer returns we tested, the Ministry had finalized the audit. For each of those nine completed audit files, a second person had reviewed the audit file to confirm the audit was carried out as expected. As well, the reviewer completed a checklist to document the nature and extent of the review.

As previously noted in **Section 4.11**, we found inconsistent documentation in audit files. A more comprehensive review process may help improve audit documentation.

See **Recommendation 3** about consistently documenting key decisions and results of audit work in audit files.

Timely Quality Reviews Needed

In addition, the Ministry was not always completing quality reviews of audit files before issuing final notice of assessments (invoices for additional assessments) to producers or paying refunds.

For three of eight audit files with signed and dated reviewer checklists, the review was finished after the Ministry issued a final notice or paid a refund to the producer (i.e., the reviews took place between 3 to 238 days after issuing the final notice or paying the refund). The review did not result in changes to the final assessment for any of the eight files we tested.



Not having a timely review process increases the risk of Ministry staff identifying errors after a producer has already made payment or received a refund. For example, if the Ministry submitted a final notice to a producer, received payment, and subsequently identified an error in the review process, Ministry staff may have difficulty receiving payment for additional adjustments.

4. **We recommend that the Ministry of Energy and Resources complete quality reviews of audit files of producer returns for non-renewable resources production taxes and royalties before finalizing audit results.**

4.13 Audit Results Communicated to Producers

Auditors consistently communicated the results of the audit to producers; however, the timeframe of the communications varied significantly.

For ten audits we tested, Ministry auditors consistently communicated audit results to producers in the format that the Ministry expected (e.g., use of an audit proposal, and final assessment notice). For all ten audits, it advised producers about the results of the completed audit.

For these ten audits, the auditor provided the producer with the audit results between 2 and 51 days after completion of fieldwork.

As noted in **Section 4.7**, the Ministry has not provided its auditors with guidance on acceptable timeframes to communicate audit results to producers after the completion of fieldwork.

Without timely communication of audit results, producers may continue to make similar errors, which can lead to increased costs (i.e., penalties and interest) or time spent by the auditor on subsequent returns. See **Recommendation 2** about updating the Audit Manual to reflect good audit practice.

For all ten files we tested, Ministry audits gave Revenue Billing (i.e., the Revenue Unit within the Branch) appropriate and accurate information on re-assessed amounts resulting from the audit. This information enabled the Ministry to issue an invoice for reassessment notice or refund payment.

4.14 Penalties and Interest Levied Consistently

The Ministry has consistently implemented consequences for producers submitting incorrect production taxes and/or royalties based on inaccurate returns. For producers who did not pay enough, it levied penalties and assessed interest consistent with the law. For producers who overpaid, it calculated and paid interest to them consistent with the law.

June 2017 changes to the law allows the Ministry to apply a 10% penalty on any errors identified during an audit of producer returns (e.g., *The Potash Production Tax Regulations*, *The Subsurface Mineral Royalty Regulations*). For example since then, the

Ministry can levy a \$100,000 penalty on \$1 million additional assessment. In addition, laws allow the Ministry to charge interest on amounts owed.

For each of the four audits we tested where the audit identified the producer owed additional production taxes or royalties, the Ministry consistently applied penalties and interest, and calculated them consistent with the law.

For all three audits we tested where the Ministry audit identified the producer had paid too much production taxes or royalties, the Ministry consistently determined interest it owed to the producer, and calculated it consistent with legislation.

To avoid penalizing producers for the same auditor-identified error multiple times, the Ministry gives producers six months to correct and re-submit any previously submitted and not yet Ministry-audited returns. For example, if a Ministry audit completed in July of 2018 and found an error in a 2015 return, the related producer would have until January of 2019 to correct and resubmit their 2016 and 2017 returns.

The Ministry has communicated this practice to producers through its Common Questions About Audits information circular available on its website. Ministry auditors also remind producers of this practice when discussing the results of audits.

4.15 Periodic Monitoring of Use of Audit Resources Needed

Senior management does not receive information to enable monitoring whether the audits of returns are completed as and when planned.

The Audit Unit gives senior Ministry management semi-annual reports on the status of audit work, and changes to assessments resulting from the audits. For example, the Audit Unit's 2018-19 semi-annual report to senior management set out the number of completed, ongoing, and upcoming audits for the current fiscal year. The report summarized assessments/refunds resulting from the audits by each non-renewable resource. For example, the 2018-19 Mid-year report indicated that the Ministry had completed 73 audits and reviews, resulting in \$31 million of audit adjustments.

However, these reports do not provide insight as to if the Audit Unit is on target in completing the number of audits set out in the approved annual Branch plan, and if it is making progress in reducing its backlog of audits.

The reports do not compare the actual number of audits completed (or forecasted to complete) in the year to planned either on an overall basis or by key non-renewable resources (as set out in the annual Branch Plan). In addition, the reports do not indicate whether audits were completed within expected budgets or timeframes.

Routinely comparing actual resources used to date (and forecasted) to plan would help assess whether the Audit Unit is achieving its plans, and if not, allow for timely decisions on adjustments required.



5. We recommend that the Ministry of Energy and Resources routinely monitor actual-to-planned staff time and costs to audit producer returns for non-renewable resources production taxes and royalties.

In 2018-19, the Ministry has started to track the total number of actual hours taken to complete each audit. In addition, auditors began to track hours spent on different areas or stages of the audit (e.g., audit planning, fieldwork, reporting, resolving disputes). The Ministry expects to use information to improve the monitoring of time spent on individual audits. As of December 2018, it was not comparing actual time spent on individual audits (or overall) to planned.

4.16 Ministry Staff Monitor Status of Audit Assessments

Both Ministry auditors and revenue staff actively monitor outstanding assessments (i.e., notice of assessments) for final payment or refund.

The Ministry has established processes to monitor the status of audit assessments and auditors are maintaining the results of these assessments.

Auditors also monitor audit assessments through the review of quarterly producer return submissions. For example, an auditor assigned to a uranium file that had an audit completed would be monitoring the current year quarterly returns. While discussing the quarterly return submissions with the producer, they will also discuss the status of any outstanding audit assessments with the producer.

At December 2018, the Ministry is working towards developing a database of all returns and audit results. It expects to use the database to improve its monitoring of assessments. It expects to complete this work in mid-2019.

5.0 SELECTED REFERENCES

Audit Office of New South Wales. (2010). *Auditor-General's Report Performance Audit – Coal Mining Royalties*. Sydney: Author.

Auditor General of Newfoundland and Labrador. (2014). *Annual Report, Part 3.6 Oil Royalty Monitoring*. St. John's: Author.

Auditor General of Nova Scotia. (2014). *Report of the Auditor General May 2014, Chapter 7, Natural Resources: Mineral Resource Management*. Halifax: Author.

Australian National Audit Office. (2016). *ANAO Report No. 28 2016-17 Performance Audit – Collection of North West Shelf Royalty Revenue*. Canberra: Author.

Government of Saskatchewan. (2018). *Saskatchewan Operating Mines List*. Regina: Author.

Ministry of the Economy. (2018). *2017-18 Ministry of the Economy Annual Report*. Regina: Author.

Office of the Auditor General – Manitoba (2008). *2008 Report*, Chapter 4, *Compliance with Oil and Gas Legislation*. Winnipeg: Author.

Provincial Auditor of Saskatchewan. (2003). *2003 Report – Volume 1*, Chapter 4, *Energy and Mines*. Regina: Author.

Provincial Auditor of Saskatchewan. (2007). *2007 Report – Volume 3*, Chapter 9, *Finance*. Regina: Author.

Chapter 5

Finance—Public Employees Benefits Agency— Effectively Informing Certain Pension Plan Members

1.0 MAIN POINTS

The Ministry of Finance, through its division called the Public Employees Benefits Agency, had, other than for one area, effective processes to keep members of the following pension plans sufficiently informed—the Public Employees Pension Plan and the Municipal Employees’ Pension Plan.

Other than the following area, the Agency’s practices for keeping members informed aligned with good practice, and was consistent with its assigned and legal responsibilities as the pension plan administrator.

The Agency did not give 130 retiring members of the Municipal Employees’ Pension Plan all legally required information within 90 days, as required by law.

Providing pension plan members with relevant and timely pension information helps members to make informed decisions. It also helps strengthen their trust in the pension plan in which they participate.

2.0 INTRODUCTION

2.1 Background

The Ministry of Finance operates, and provides administration services to various government pension and benefit plans for employees of the Government of Saskatchewan and certain employees of municipal governments through its division called the Public Employees Benefits Agency.¹ The Agency has a staff of about 136 full time equivalent employees and spends about \$17.6 million annually.^{2,3}

At December 2018, the Ministry provided administrative services to 34 pension and benefit plans with about 90,000 members and beneficiaries.^{4,5,6}

As shown in **Figure 1**, two pension plans (the Public Employees Pension Plan and the Municipal Employees’ Pension Plan) make up the majority (90%) of the overall membership of pension plans to which it provides administration.

¹ The Ministry has agreements with Boards of each of the pension plans to operate, administer, and manage the plan. Each of these agreements include specific services relating to communications with members and participating employers.

² Public Employee Benefits Agency Revolving Fund Financial Statements for the year ended March 31, 2018.

³ Information provided by PEBA management on June 29, 2018.

⁴ www.peba.gov.sk.ca/about/PEBA.html. (29 June 2018).

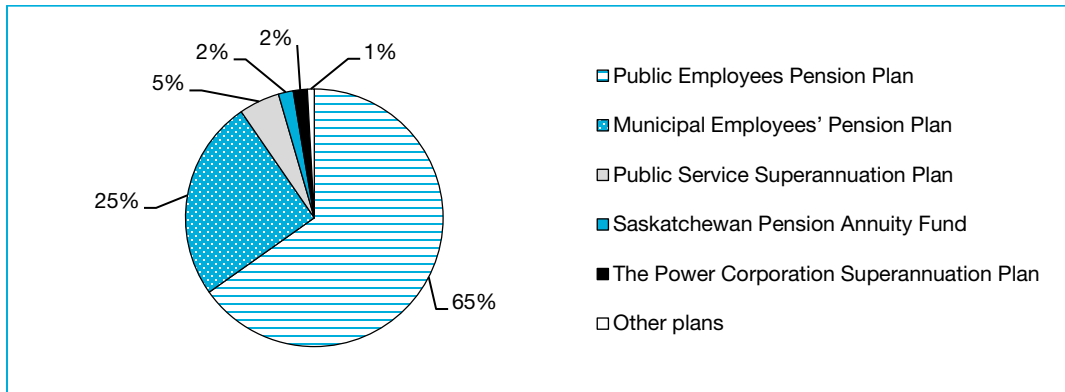
⁵ Cabinet, through Order in Council 588/2018 dated November 28, 2018, designated certain pension and benefit programs to be established, operated, administered and managed by PEBA.

⁶ *The Financial Administration Act, 1993*, s.64(1).



- The Public Employees Pension Plan had almost 65,000 members participating in the plan and 145 employers (e.g., Government of Saskatchewan, Crown Corporations). The plan had total assets of \$9.7 billion.⁷
- The Municipal Employees’ Pension Plan had about 25,000 members participating in the plan and 738 employers (e.g., school divisions, municipalities). The pension obligations in the plan were about \$2.0 billion.⁸

Figure 1 – Membership by Pension Plan



Source: Provincial Auditor Saskatchewan based on information included in each of the Plan’s 2017-18 public Annual Reports.
 ^ Other Plans include the Liquor Board Superannuation Plan, the Judges of the Provincial Court Superannuation Plan, Capital Pension Plan, Saskatchewan Transportation Company Employees Superannuation Plan, Pension Plan for the Employees of the Saskatchewan Workers’ Compensation Board, Members of the Legislative Assembly Benefits, and Anti-Tuberculosis League Superannuation Plan.

Given that these two pension plans make up the majority of members, the Ministry directs a large portion of the Public Employee Benefit Agency’s administrative efforts (staff time) toward these plans.

2.2 Fiduciary Duty to Communicate

The Public Employees Pension Plan Act and *The Municipal Employees’ Pension Act* establish the Boards of the pension plans (the Public Employees Pension Board and the Municipal Employees’ Pension Commission respectively). These Acts assign the Boards statutory authority and responsibility for administering pension plans. These responsibilities include requirements for the communication of pension plan provisions.

Public Employees Pension Plan is a defined contribution plan, and Municipal Employees’ Pension Plan is a defined benefit plan. As explained in **Section 5.0**, the type of plan affects the nature and extent of plan information to communicate to members. Pensions of members of defined contribution plans depend on a member’s investment choices and contributions made. Pensions of members of defined benefit plans depends on the pension formula set out in the plan. Formulas are typically based on a member’s years of service and salary.

The Pension Benefits Act, 1992 places further requirements on plans to communicate pension plan provisions to their members. Both the Public Employees Pension Plan and the Municipal Employees’ Pension Plan are registered under this Act.

⁷ Public Employee Pension Plan, 2017-18 Annual Report Public Employees Pension Plan, (2018), p.48.

⁸ Municipal Employees’ Pension Plan, 2017 Annual Report, (2017). p.43.

The Ministry, in its administration role under agreements with each Board, must inform its pension plan members about key information relating to the plans (e.g., contributions, years of service, investment options and related risks, amendments, entitlements and obligations).⁹

The Boards of each of the above pension plans rely on the Ministry to help fulfill their fiduciary responsibilities as pension plan administrators. Pension administrators, and in this case, the Ministry are under a duty to “establish, implement and monitor a communications policy that serves to ensure the fulfillment of its duty.”¹⁰ A fiduciary responsibility is to take an active approach to inform members, even when not asked for information.

The communication challenges that pension administrators face include the complexity of the topic, the low level of financial awareness and literacy of members, as well as the lack of interest in the topic for a large part of the membership (people closer to retirement have more interest in pension information).¹¹

Failure to provide information required by law, or failure to provide certain information timely (e.g., amendments) to members may lead to potential litigation. For example, the Saskatchewan Government and General Employees' Union, on behalf of plan members who worked part-time, casual or in temporary positions in the 1980s and 1990s, successfully obtained compensation for these members from the Saskatchewan Public Service Commission.¹² It filed the first lawsuit in 1997, which alleged the Government, as an employer, failed to communicate pension legislation changes made in 1981 to employees; it reached agreement with the Government in 2007 to settle the lawsuit. The Government paid damages to approximately 1,400 individuals totalling about \$17.9 million.

Effective communication processes improve members' understanding and knowledge about the operation of a pension system. Member knowledge assists in facilitating decision-making in investments and strengthens trust in the pension program.¹³

3.0 AUDIT CONCLUSION

We concluded that, for the 12-month period ending December 31, 2018, the Ministry of Finance—Public Employee Benefits Agency had effective processes to keep members of the Municipal Employees' Pension Plan and the Public Employees Pension Plan sufficiently informed with the following exception.

The Ministry needs to give retiring and terminating members of the Municipal Employees' Pension Plan all legally required information, within 90 days as required by law.

⁹ *The Pension Benefits Act, 1992*, s.13(1).

¹⁰ Fasken Martineau, *Pension Plan Communication: The Ever Increasing Duty to Inform*, (2004), pp. 1-3.

¹¹ Organization for Economic Co-operation and Development, *Improving Pension Information And Communication: OECD Survey And Lessons Learnt*, (2013), p. 9.

¹² In 2007, Cabinet directed the Public Service Commission to negotiate the settlement.

¹³ Organization for Economic Co-operation and Development, *Improving pension information and communication: OECD Survey and Lessons Learnt*, (2013), p.16.

**Figure 2—Audit Objective, Criteria, and Approach**

Audit Objective: to assess whether the Ministry of Finance – Public Employees Benefits Agency had effective processes, for the twelve-month period ending December 31, 2018, to keep members of the Municipal Employees' Pension Plan and the Public Employees Pension Plan sufficiently informed.

For the purposes of our audit, pension plan members include active members; disabled, inactive and deferred members; pensioners; surviving spouses; and dependents. Deferred members are pension plan members that no longer contribute to or accrue benefits from the plan but have not yet begun to receive retirement benefits from that plan.

Audit Criteria:

Processes to:

1. Determine communication plans
 - 1.1 Identify pension plan information needs of members (e.g., who, what)
 - 1.2 Develop communication plans consistent with its fiduciary responsibilities (e.g., content, timing)
 - 1.3 Establish methods to communicate to members (e.g., when, how)
2. Communicate pension information to plan members
 - 2.1 Use varied methods for communication of pension information (e.g., tools, channels)
 - 2.2 Verify information is accurate and complete
 - 2.3 Compile easy-to-understand information
 - 2.4 Communicate information timely
3. Periodically assess communication plans
 - 3.1 Actively obtain feedback (e.g., enquiries, complaints, surveys)
 - 3.2 Monitor trends in feedback
 - 3.3 Identify inhibiting factors to effective member communications
 - 3.4 Adjust communication plans as needed

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 Ministry's processes, we used the above criteria based on our related work, reviews of literature including reports of other auditors, and consultation with management. The Ministry's management agreed with the above criteria.

We examined the Ministry's policies, strategies, and procedures that relate to processes to keep members of the Municipal Employees' Pension Plan and the Public Employees Pension Plan sufficiently informed. We interviewed staff responsible for the communication to pension plan members. In addition, we reviewed related documentation (e.g., communication plans and strategies, contracts, reports). We tested key aspects of the Ministry's processes, including samples of annual statements to members and a sample of communications to members who retired or terminated membership from the plan and to beneficiaries of deceased members.

4.0 KEY FINDINGS AND RECOMMENDATIONS

In the findings below, Agency refers to the Ministry of Finance division called the Public Employee Benefits Agency, and pension plan(s) refer to the Public Employees Pension Plan, and the Municipal Employees Pension Plan.

4.1 Responsibility for Communications Clearly Established

The Agency has clearly assigned to its staff responsibilities about providing plan members with key information consistent with the Agency's responsibilities outlined in the agreements with pension plan Boards.

Agreements between the Agency and each pension plan Board set out clear and specific requirements for communicating information to plan members that are consistent with relevant legislated requirements. Under each agreement, the Agency must:

- Follow requirements of *The Pension Benefits Regulations, 1993* for providing annual member statements, and statements on member termination, retirement and death
- Respond to the written correspondence from members within one business day, and return phone calls the next business day. Agreements only require the Agency to track and report the volume of the phone calls and emails and not timeliness of responding

In addition, board governance manuals of each pension plan outline key communication materials for pension plan members and beneficiaries (e.g., member statements, newsletters, member booklet, and website).

The Agency has clearly assigned responsibility to communicate with plan members to its Pension Programs branch and Communications branch.¹⁴ It reinforced these assignments in its annual Operational Plan.

The Pension Programs branch is the primary contact for pension plan members (e.g., where members can call). The Agency has assigned branch staff to operations teams for each plan. These staff are responsible for responding to member enquiries and complaints received via phone calls and emails.

The Communications branch is responsible for content and distribution of ongoing information shared with members. Ongoing information includes newsletters, website, and member resources (member booklet, retirement booklet, etc.). Responsibilities in job descriptions of key communications personnel (Manager of Communication, Communication Coordinator, and Communication Consultant) align with these responsibilities.

We found the Agency clearly understood what information it is required by law to give members (e.g., annual statements), and what information good pension practice suggests (e.g., educational information).

The Communications branch maintains clear written guidance (e.g., communication and style guides) for its staff on developing the content of information material, and setting deadlines for distributing materials. Guidance helps ensure that information presented to members is clear, relevant, and timely.

We found staff use communication and style guides for developing printed and electronic materials (e.g., requirements for spelling, style, visual tools).

4.2 Communication Needs and Strategies Identified

The Agency has formally identified members' needs for information and information tools through written communication strategies.

¹⁴ Pension Programs branch is responsible for administering pension plans (including member enrollment, benefits calculations, member estimates, etc.). For the Public Employees Pension Plan and Municipal Employees' Pension Plan, the Agency has different teams to administer them.



In December 2015, the Agency finalized a three-year *Member and Stakeholder Engagement Strategy* (Engagement Strategy) with the objective of improving the level and quality of plan member engagement.

The Engagement Strategy sets out the results of the Agency's analysis of member population by ages; it also identifies their generational preferences. It notes that baby boomers (members aged 51-69) make up the largest percentage of plan members for both the Public Employees Pension Plan (37%) and the Municipal Employees' Pension Plan (46%). Baby boomers encompass both working and retired members.

As shown in **Figure 3**, the Engagement Strategy also includes a number of core strategies that related to communicating with members differently. In addition, it sets out specific actions for 2016, 2017, and 2018 to achieve the core strategies.

Figure 3—Examples of Core Strategies from 2015-2018 Member and Stakeholder Engagement Strategy

Core strategies included in the Engagement Strategy include:

- Establishing an enterprise-driven social media presence (e.g., creating social media accounts)
- Capturing and analyzing real-time member data for each plan (e.g., collecting numbers of visitors on website, social media)
- Developing content that is relevant and vital to targeted members and stakeholders (e.g., developing relevant articles for young pension members)
- Generating a greater web presence/digital footprint for the website (e.g., developing a mobile app)
- Developing a Customer Journey Program—a program to enhance member's experience with the Agency through improving member engagement by analyzing all interactions with members and identifying areas for improvement
- Building on existing communications to enhance customer experience

Source: Public Employees Benefits Agency, *Member and Stakeholder Engagement Strategy*, 2015.

Since 2015, the Agency has been implementing the specified actions. For example, it set up social media accounts (e.g., Twitter, Facebook) to provide current content to pension plan members, and started collecting members' information (e.g., number of followers on social media accounts).

As a complement to the Engagement Strategy, in 2017, the Agency developed a Digital Strategy. The Digital Strategy outlines actions to guide the use of digital tools to provide relevant information to pension plan members. Actions include developing online videos, promoting electronic communication, creating blogs, web forms, mobile applications and webinars.

In addition to these strategies, in November 2018, the Agency developed a Membership Segmentation Strategy for the Public Employees Pension Plan to help customize information for each generational segment of the plan.

As of December 2018, the Agency had not analyzed whether it has been successful in improving the level and quality of member engagement. Management indicated that it plans to do so in 2019 once it has implemented its Customer Journey program—one of its core engagement strategies.

4.3 Annual Member Statements Communicated As and When Expected

Pension members' annual statements include accurate and complete information required by law. They are distributed to the members within 180 days of the end of the fiscal year, as required by law.¹⁵

Public Employee Pension Plan members receive semi-annual statements in:

- Spring for the period of October 1 to March 31
- Fall for the period of April 1 to September 30

Municipal Employees' Pension Plan members receive annual statements in February/March for the calendar year.

The Communications branch maintains templates for the annual statements for both plans to help ensure they contain information required by law, along with desired information.¹⁶ The law requires statements to include any contributions made, summary of investments and investment options (if applicable), possible retirement dates, etc.

Communications branch staff and Pension Programs teams review templates to make any necessary changes before issuing annual statements. The Agency contracts a supplier to print and distribute annual statements to members.

Also, for each statement cycle (e.g., semi-annual for the Public Employees Pension Plan) and for each plan, Pension Programs teams developed a checklist with deadlines of actions to complete before printing and distributing annual statements.

In addition, the Agency has quality assurance processes to confirm the accuracy of information in the statements before printing statements. Pension Programs staff manually review a sample of statements (e.g., more than 400 statements for the Public Employees Pension Plan) before giving its supplier permission to print. The Agency's IT department verifies that the Agency gives its supplier complete and accurate information for printing and distributing the statements.

We found that the information in the annual statements meets legislative requirements and follows good practices guidance.¹⁷ For example, annual statements include information targeted to specific groups of members like:

- If a member does not have listed beneficiaries on file, the annual statement encourages a member to add a beneficiary.

¹⁵ *The Pension Benefits Act, 1992* (Section 13) requires the pension administrator to provide members with an annual statement within 180 days of the fiscal year. The Public Employees Pension Plan has a March 31 year-end. The Municipal Employees' Pension Plan has December 31 year-end.

¹⁶ *The Pension Benefits Regulations, 1993*, set minimum requirements for information in annual statements.

¹⁷ Office of the Superintendent of Financial Institutions Canada, *Disclosure Requirements for Defined Contribution Pension Plans*, 2016; Office of the Superintendent of Financial Institutions Canada, *Disclosure Requirements for Defined Benefit Pension Plans*, 2016; Canadian Association of Pension Supervisory Authorities, *Guideline no. 8 Defined Contribution Pension Plans Guideline*, 2014.



- Public Employees Pension Plan annual statements include messaging for each targeted age group. For example, for members who are between ages 55 and 68 (close to retirement age), the annual statement encourages members to attend a workshop to learn more about retirement, contact the Agency for one-on-one consultation, and use the online retirement planning tool.

We also noted that the Agency met the legislated requirement of sending annual statements within 180 days after year-end. It distributed:

- Municipal Employees' Pension Plan annual statements for the year ended December 31, 2017 at the beginning of March 2018 (2 months after the year-end)
- Public Employees Pension Plan semi-annual statements for the period ending September 30, 2018 at the beginning of October 2018

For each of the 30 member statements we tested, information in the annual statements agreed to information in the Agency's IT systems (e.g., member personal and pension account information), and was complete.¹⁸

In addition, Public Employees Pension Plan members can access their annual statements through an online member portal called *PEPPaccess*. We confirmed annual-statement information contained in this portal is the same as information on annual statements received through the mail.

4.4 Required Information on Retirement, Termination and Death Issued but Sometimes Late

The Agency provides members with required information in cases of member retirement, termination or death; but it did not always provide all the required information within 90 days, as law requires.

The Communication branch maintains, for both plans, templates for various types of statements it must give, by law, to members who retired or terminated their employment, and to beneficiaries of a deceased member.¹⁹ For example, on termination of membership, it must give a member a statement including information on account balances and options available upon termination (e.g., to transfer money to another pension plan, transfer some amount to a RRSP, or to withdraw money).²⁰

We found the Agency's templates of statements of retirement, termination and death included information required by law. We found:

- The statement of retirement appropriately includes information on pension calculations, form of pension and survivor benefits
- The statement of termination appropriately includes information on termination benefits, options for accessing money

¹⁸ We tested annual statements of 23 Public Employees Pension Plan members and 7 Municipal Employees' Pension Plan members.

¹⁹ Requirements of *The Pension Benefits Regulations, 1993*.

²⁰ RRSP is a registered retirement savings plan – a type of Canadian account for holding savings and investment assets.

- The statement of death appropriately includes information on death benefits and options available to the member's beneficiary to receive the benefits

Also, by law, the Agency must give this information to members within 90 days after the event.²¹

For each of the 21 Public Employees Pension Plan members' statements and records in the member manual files we tested, members or beneficiaries received expected information on retirement, termination, or upon member death within 90 days.

For nine Municipal Employees' Pension Plan members' statements and records in the member manual files, we tested communications for three deceased members, for three members who had terminated the plan, and for three members who had retired. We found:

- For the three deceased members, each of their beneficiaries received statements of death within 90 days.
- For the three members who had terminated from the plan, only two of three members received a statement of termination within 90 days; one member received the statement five months later than 90 days.
- For each of the three members who retired, none of them received a statement of retirement within 90 days after retirement. The statement includes information the law requires a retired member to receive. One retiree received a statement two and a half months late. Two other members did not receive statements as of January 2019 (three and a half months and nine months late).

For each of the three members, the Agency gave the members a portion of the required information. Each member received an estimate of the amount of pension and options (e.g., to receive a pension from the Agency or transfer money out). Each member did not receive final pension calculations and information on excess contributions within the required time.

As of February 2019, the Agency was late in issuing statements of retirement to 130 Municipal Employees' Pension Plan retired members with retirement dates of November 1, 2018 or earlier.²² Also, at that time, the Agency's management had not advised the Board of the Municipal Employees' Pension Plan that it was late in issuing these statements.

- 1. We recommend that the Ministry of Finance—Public Employees Benefits Agency provide Municipal Employees' Pension Plan terminating and retiring members with all legally required information within timeframes required by law.**

²¹ Requirements of *The Pension Benefits Regulations, 1993*.

²² Based on the Agency's records, 396 Municipal Employees' Pension Plan members retired in the 2018 calendar year.



4.5 Plan Changes Communicated As and When Expected

The Agency informed members of changes to pension plans within 90 days after changes being in effect, as required by law.²³

Both pension plans had changes affecting their members in spring 2018. Both plans used newsletters to communicate changes to members. For example, the Public Employees Pension Plan's *Pension Perspectives* newsletter released in August 2018 advised members of changes that were effective May 2018 (e.g., a spouse of a deceased member may set up a Public Employees Pension Plan account in his/her own name and leave the death benefit in the plan).²⁴

4.6 Information for New and Retired Members Sufficient and Complete

For both plans, member booklets give sufficient and complete information on plans and member options.

Welcome booklets for each plan provide clear information for new members on main points of the plans (e.g., the purpose of the plan, contributions, explanation of investment options) and on any changes in life (e.g., termination, marital breakdown, retirement). In addition, *Public Employees Pension Plan Welcome booklet*, as a defined contribution plan, suitably includes detailed information on investment options, and available planning tools (e.g., investment profile questionnaire). This plan allows members to choose various options in which to invest their accumulated contributions and investment income.

All members ready for retirement receive sufficient information on options, pension calculations and guidance for next steps (e.g., submitting forms for retirement, etc.).

The Agency makes all member booklet information available online through its website.²⁵ It encourages members close to retirement to contact its staff with questions or information requests.

4.7 Understandable Educational Information Communicated to Members

Consistent with good practice, the Agency uses various methods and tools to give plan members clear and understandable educational information.²⁶

²³ Requirements of *The Pension Benefits Regulations, 1993*.

²⁴ Previously, a spouse of a deceased member was required to convert the account balance to retirement income, transfer the balance out of the Public Employees Pension Plan or consolidate the funds with their own Public Employees Pension Plan account if one existed.

²⁵ Public Employees Pension Plan website: www.peba.gov.sk.ca/pensions/pepp/member/publications.html.

Municipal Employees' Pension Plan website: www.peba.gov.sk.ca/pensions/mepp/member/publications.html (04 April 2019).

²⁶ Pension-related laws do not require communication of educational information (04 April 2019).

The Communications branch took a coordinated approach to deciding what to communicate to members and when. It used its 2018-19 consolidated communication plan (i.e., covered both plans) to guide its work to develop information content, and distribute it using identified information tools (e.g., newspapers, videos).

The consolidated plan included communication objectives, strategic tactics, and planned communications activities (e.g., to develop videos, distribute newsletters) for 2018-19. The plan also set out expected timelines and completion dates.

Key communication activities included:

- Posting and maintaining information on its website like informational videos, quick reference guides, and forms

We found the website easy to navigate. It included various forms and information (e.g., member welcome booklet, forms to change beneficiary or personal information or to apply for retirement).

- Offering in-person workshops targeted to either new or retiring members

In 2018, the Agency presented workshops to 1,903 Public Employees Pension Plan members and 179 Municipal Employees' Pension Plan members. Workshops included *Kick Start Your Financial Future* for new members, and *Retire With Ease* and *Retirement Income Options* for members close to retirement. It presented them in various locations (e.g., Estevan, La Ronge, and Melville).

We found workshop materials clear and understandable.

- Mailing periodic newsletters

The Agency sent four quarterly newsletters to Public Employees Pension Plan members and two newsletters to Municipal Employees' Pension Plan members.

We also found the consolidated plan was consistent with communication expectations of the Board of each pension plan. As shown in **Figure 4**, each Board used its Governance Manual to set out its preferred method of communication to members (e.g., website), communication tools (e.g., Fact Sheets) and, at times, frequency (e.g., quarterly newsletters).

Figure 4—Communication Expectations of Each Pension Plan Board

	Public Employees Pension Plan	Municipal Employees' Pension Plan	Information
Information available online	Website		All member resources (e.g., quick reference guides, publications, forms)
	Videos		Information for different members and content is unique to status (e.g., planning for retirement)
	Social media (Twitter, Facebook)		Messages in various formats for various age groups (e.g., tips for planning retirement, investing and savings) and provides links to the Agency's webpage



	Public Employees Pension Plan	Municipal Employees' Pension Plan	Information
	Quarterly Newsletters <i>Pension Perspectives</i> (also mailed to members)	Semi-annual Newsletters <i>MEPPMatters</i> (also mailed to members)	Messages on current pension plan issues, also a main tool for communicating changes to the pension plans
	Fact sheets <i>PEPP Talk</i>	Fact sheets <i>MEPP In-depth</i>	Unique messages regarding a certain topic (e.g., pension calculations, etc.)
	Retirement planning tool <i>Retire@Ease</i>	Retirement planning tool <i>MORe Online Retirement Planner</i>	Projections for the member pensions based on individual information
	Member online portal <i>PEPPaccess</i>	In development	A member can access semi-annual statements, view personal information, give investment instructions
	Annual Reports (required by legislation) ^a		Report on key activities of the pension plan
In person information services	One-on-one consultations		Consultation – individual matters
	Workshops & presentations		Workshops for new members and members approaching retirement (e.g., <i>RetireWithEase</i>). Variety of locations presented (e.g., La Ronge)
	Phone calls & emails		Plan programs staff responds to member enquiries on various topics

Source: Provincial Auditor Saskatchewan compiled from the Governance Manual of each plan and publicly available information.

^a Requirements of *The Executive Government Administration Act*, *The Municipal Employees' Pension Act* (Section 62), *The Public Employees Pension Plan Act* (Section 29).

Agency staff provided each Board with quarterly updates on communicating information to members, and on how many members accessed information online (e.g., number of Twitter followers, website users).

We found the various communications aligned with objectives identified in the Agency's communication strategies. For example, it used age-targeted messages. We found the messages in newsletters, videos, and presentations clear and easy to understand. We also found the Agency used information tools as intended.

4.8 Actively Seeking Member Feedback

The Agency actively seeks feedback from members, and discusses results.

In 2018, the Agency established a 2018-19 Member Satisfaction Communication Strategy that identified its audience, and includes related strategies, goals, and objectives. For example, it plans to encourage pension members to become more engaged in the tools and information resources available to them. The Agency decided to use the following to establish and measure member satisfaction:

- Bi-annual member satisfaction on-line survey to all members. The Agency had previously invited, in 2017, members to complete online member satisfaction surveys (one for each plan).
- Semi-annual member satisfaction focus groups, in 2018, to discuss survey results (e.g., whether member Engagement Strategy is on track)

The Agency was using results to update its strategies and determine further actions. To determine whether members are becoming more engaged, it plans to survey member satisfaction again in late 2019 or early 2020.

In addition, starting in December 2018 for both plans, the Agency encourages its members to submit their feedback via a short two-question ‘*Tell us what u think*’ survey with an option to add a comment about the service provided and asks following questions:

- How satisfied are you with the quality of communications material and services you receive about your pension plan?
- How satisfied are you with the quality of client service you receive from the Agency?

Agency staff typically invite plan members to complete this survey on its website after a phone call conversation with a member. In addition, starting in October 2018, staff email a survey link to members participating in workshops to collect members’ feedback.

Management is using feedback to improve future workshops and communications with members.

4.9 Responding to Member Enquiries

The Agency’s staff regularly respond to member enquiries, and track the number of calls and emails received.

The Agency has established guidance to help staff respond appropriately and consistently to members’ enquiries. The Agency does not distinguish complaints from member enquiries.

Day-to-day operations staff in the Pension Programs branch respond to phone calls and email enquiries of members. Staff respond verbally in phone calls or in writing (e.g., emails). Staff refer member enquiries or complaints they cannot resolve to the Pension Programs team manager.

Staff actively work on providing members with consistent responses. For example, staff maintain Frequently Asked Question documents (developed for each plan), and, for the Public Employees Pension Plan, a library of standard responses for email enquiries. Staff informally discuss common member questions and responses during weekly team meetings. For common issues identified, they ask to the Communications branch to prepare an article on the topic for newsletters (e.g., retirement planning).

Staff electronically track the number of calls and emails from members by broad categories:

- Public Employees Pension Plan operations staff tracks the type of member enquiries by recording the nature of the enquiry in few broad categories (e.g., self-service issues, termination options, statement questions, etc.)



For the period of April 2018-December 2018, Public Employees Pension Plan operations staff received:

- 19,435 phone calls (7% decrease compared to April 2017-December 2017)
- 8,494 email enquiries (7% increase compared to April 2017-December 2017)

- Municipal Employees' Pension Plan operation staff started tracking member enquiries by the nature of the enquiry (e.g., termination questions, pension estimates, etc.) in January 2019

For the period of January 2018-December 2018, Municipal Employees' Pension Plan operations staff received:

- 14,431 phone calls (4% decrease compared to 2017 calendar year)
- 2,545 email enquiries (16% increase compared to 2017 calendar year)

Management has not yet formally analyzed, on a periodic basis, its data about member enquiries. Periodically identifying trends or common areas of member concerns could help identify issues before they become problems.

4.10 Risks and Cost Effectiveness of Member Communications Considered

Boards of each of the pension plans periodically consider member communication risks related to each plan and cost-effectiveness of member communications.

We found discussion of member communication risks evident in the following:

- Public Employees Pension Plan risk management plan states that the Board is aware of challenges of communication given the complexity of the information communicated, and the diversity of members participating in the plan.
- The strategic business plan of each plan outlined risks of operating the pension plans and implications. For example, the Public Employees Pension Plan Board identified that engaging plan members is a challenge, and low engagement of employers results in less promotion of the benefits of plan membership to members. The Board suggested that the Public Employees Pension Plan be proactive about member engagement. It expected the current engagement strategy to help.

In addition, we found each plan's strategic business plans for 2017-19 identified cost effectiveness of plan operations (including communications) as a goal. The Agency, through its communication strategies, also considered cost effectiveness. For example, the strategies noted digital tools are less expensive than printed materials.

Furthermore, occasionally, the Agency benchmarks its activities (including communication activities) to other pension plans and plan administrators.

For example, in 2017, the Agency participated in a CEM Benchmarking study.²⁷ Twelve Canadian and American defined benefit pension plans, and ten Canadian and American defined contribution pension plans participated in the study. The study specifically looked at cost, service, and productivity. It rated the Agency, as a plan administrator, against its peers.

The Agency shared its written analysis of the results with the Board of each plan in January 2018. In general, the report identified strengths (e.g., low cost of administration), and four areas for improvement, such as targeted communication, online self-services, and member satisfaction surveys. The Agency does not have immediate plans to participate in a similar study.

Understanding and addressing risks related to communications increases effectiveness of communications with members. Considering cost effectiveness of communications increases effectiveness of the Agency's operations.

5.0 KEY DIFFERENCES BETWEEN DEFINED CONTRIBUTION AND DEFINED BENEFIT PENSION PLANS

The table below sets out key differences between defined contribution and defined benefit pension plans.

	Pension Plan Type	
	Defined Contribution Plan	Defined Benefit Plan
Contributions	<p>Typically, members and employers contribute a set percentage of the member's salary.</p> <p>For example, some members of the Public Employees Pension Plan contribute 5% of annual salary and participating employers contribute 6.5%.</p> <p>Participating employers of the Public Employees Pension Plan include the Public Service Commission (for ministries), some Crown corporations and numerous agencies, boards, and other public institutions.</p>	<p>Typically, members and employers contribute a set percentage of the member's salary.</p> <p>For example, some members of the Municipal Employees' Pension Plan contribute 8.15% of annual salary and their employers match these contributions.</p> <p>Participating employers of the Municipal Employees Pension Plan include school divisions, urban and rural municipalities, regional colleges, regional public libraries and other local authorities within the Province of Saskatchewan.</p>
Investment Decisions	<p>Plan administrator places contributions from member (employee) and employer into an account set up for the member. Each member has an account. Pension administrator invests contributions based on investment choices made by the member.</p>	<p>Plan administrator invests member and employer contributions in a pension fund and uses them to pay the member's lifetime pensions. Pension administrator invests contributions based on direction from the governing authority (e.g., a board).</p>
Pension amount	<p>An amount based on accumulated contributions plus investment income earned in the member's account is paid on retirement.</p>	<p>A specified amount of pension benefits paid on retirement typically depending on formula(s) set out in the pension plan documents. The formula is typically based on years of service and earnings.</p>

²⁷ CEM is a global benchmarking company located in Toronto, Canada. It is an independent provider of objective and actionable benchmarking information for large pools of capital including pension funds, endowments/foundations and sovereign wealth funds. www.cembenchmarking.com/services/pensionadministrationbenchmarking.aspx (22 January 2019)



Pension Plan Type	
Defined Contribution Plan	Defined Benefit Plan
	<p>Members will not know the amount of pension that they will receive until they retire. Estimating pension on retirement requires making assumptions about salary earned, investment choices, income earned, etc.</p> <p>For example, certain members of the Municipal Employees Pension Plan are provided with an annual pension benefit based on 1.8% times the average salary for the highest three years of service.</p> <p>Members can estimate annual pension using formulas, set out in the plan documents.</p>

Source: Provincial Auditor Saskatchewan.

6.0 SELECTED REFERENCES

- Canadian Association of Pension Supervisory Authorities. (2014). *Guideline no. 8 Defined Contribution Pension Plans Guideline*. Toronto: Author.
- Fasken Martineau. (2004). *Pension Plan Communication: The Ever Increasing Duty to Inform*. Vancouver: Author.
- Financial and Consumer Affairs Authority. (2018). *Administrator's Guide – A guide to assist plan administrators and their service providers in the management of defined contribution plans registered pursuant to The Pension Benefits Act, 1992*. Regina: Author.
- International Foundation of Employee Benefit Plans. (2018). *9 Ways to Get Your Benefits Communications Read*. Toronto: International Foundation of Employee Benefit Plan. www.ifebp.org/pdf/nebd-checklist-2017.pdf. (9 November 2018).
- Office of the Superintendent of Financial Institutions Canada. (2014). *Communication to Members Significant Activity—Risk Assessment Framework—Pension Supervisory Guidance Note RAF5*. Ottawa: Author.
- Provincial Auditor Saskatchewan. (2018). *2018 Report – Volume 2, Chapter 21 Carlton Trail College—Equipping the Board with Competencies to Govern*. Regina: Author.
- United Kingdom Audit Office. (2009). *Report by the Comptroller and Auditor General. Department for Work and Pensions – Communicating with Customers*. London: Author.
- United Kingdom Audit Office. (2016). *Report by the Comptroller and Auditor General. Department for Work and Pensions – Introduction of the New State Pension*. London: Author.

Chapter 6

Government Relations—Alerting the Public about Imminently Dangerous Events

1.0 MAIN POINTS

The Ministry of Government Relations uses SaskAlert to notify the public of emergencies in real time via mobile devices (like cell phones), radio, television, or its website. At March 2019, about half of Saskatchewan’s municipalities and about five percent of Saskatchewan’s First Nations can issue alerts through SaskAlert. About 115,000 mobile device users have downloaded the SaskAlert mobile app. SaskAlert is part of a national alerting system.

For the 12-month period ending January 2019, the Ministry of Government Relations had generally effective processes for alerting the public about imminently dangerous events that may pose risks to public health and safety. It needs to make improvements in the following areas. The Ministry needs to:

- Maintain a robust and enforceable written contract with the service provider that it uses to administer SaskAlert on a day-to-day basis, and to give training and help-desk support to participating municipalities and First Nations. In addition, it needs to monitor the delivery of those services. Active monitoring will help ensure municipalities and First Nations receive sufficient training and support to issue public alerts properly and promptly.
- Ensure participating municipalities and First Nations complete practice alerts as expected so they are capable of creating accurate and timely alerts when an emergency situation arises. As well, active monitoring of all alerts would help the Ministry identify participants at a greater risk of issuing an inaccurate alert, and in need of additional training and support.
- Periodically confirm the continued appropriateness of user access of individuals from participating municipalities and First Nations to the national alerting system. Regular review of user access reduces the risk of issuing inappropriate alerts that could threaten the SaskAlert program’s reputation.

Timely, accurate and clear public alerting can help residents and visitors to Saskatchewan adequately prepare for situations that pose risks to their health or safety.

2.0 INTRODUCTION

This chapter sets out the results of our audit of the Ministry of Government Relations’ processes, for the 12-month period ending January 31, 2019, to alert the public about imminently dangerous events in Saskatchewan.

Imminently dangerous events include emergencies related to weather (e.g., flood, tornado, wildfire), missing persons, and other threats to public health or safety.



2.1 Provincial Responsibility for Emergency Public Alerting

Where provinces or territories choose to provide a public alerting program, they decide how alerts will reach the public. Each province and territory is responsible for its own alerting program. By law, the Ministry of Government Relations is responsible for:

- Developing, implementing, co-ordinating, promoting, evaluating, and enhancing policies, programs, procedures and standards related to public safety, emergency planning, or emergency management
- Co-operating with other public and private organizations to improve public safety, emergency responses, and emergency management
- Establishing and supervising training courses
- Collecting, organizing and disseminating information¹

The Ministry operates the SaskAlert program through its Public Safety division. The SaskAlert program leverages the federal National Alert Aggregation and Dissemination system (Alert Ready) to issue public alerts.²

The SaskAlert program provides the public with critical information on emergencies in real time.³ The program includes communicating alerts created by authorized users in Alert Ready via the SaskAlert website (saskalert.ca) and the SaskAlert mobile app.

Authorized users are individuals from municipalities, First Nations, or provincial government agencies who voluntarily agree to participate in the SaskAlert program.⁴

In June 2016, Saskatchewan launched the SaskAlert website and the SaskAlert mobile app, allowing the public to receive both critical and advisory alerts created in Alert Ready directly to their handheld devices and computers.⁵

The Ministry spent over \$550,000 on the SaskAlert program in 2018 (2017: approximately \$465,000) with more than 80% paid to various service providers responsible for delivering aspects of the program.⁶

¹ *The Government Relations Administration Act* (section 3).

www.publications.gov.sk.ca/freelaw/documents/english/Statutes/Statutes/G5-101.pdf (27 March 2019).

² The National Alert Aggregation and Dissemination system is commonly called Alert Ready. In 2008, the Federal Government engaged the operator of The Weather Network to develop and implement the National Alert Aggregation and Dissemination system.

³ www.saskatchewan.ca/saskalert-program#utm_campaign=q2_2015&utm_medium=short&utm_source=%2Fsaskalert-program (27 March 2019).

⁴ In Saskatchewan, municipalities are responsible for safe communities under *The Municipalities Act* (section 4) www.publications.gov.sk.ca/freelaw/documents/English/Statutes/Statutes/M36-1.pdf; *The Northern Municipalities Act, 2010* (section 4) www.publications.gov.sk.ca/freelaw/documents/English/Statutes/Statutes/N5-2.pdf; and *The Cities Act* (section 4) www.publications.gov.sk.ca/freelaw/documents/english/Statutes/Statutes/c11-1.pdf. (17 April 2019).

⁵ To issue alerts, an authorized participant accesses Alert Ready and creates an alert. Alert Ready pushes alerts to the public through the SaskAlert website and the SaskAlert mobile app.

⁶ For the period January-December 2018.

2.2 Emergency Public Alerting in Canada

The Federal Government, all three territories, and most provinces use Alert Ready to issue alerts.

SaskAlert uses two levels of alerts in Alert Ready:

- Critical – life and safety are under immediate threat and time is critical (e.g., tornado)⁷
- Advisory – when emergency situations are occurring, or have the potential to occur, that can affect the decisions people make to protect their safety (e.g., boil water advisory)

Alert Ready collects, aggregates, and disseminates emergency alerts created by authorized users throughout Canada (including Saskatchewan) to the public. It pushes critical alerts to the public through radio and television broadcasts, as well as all compatible cell phones and wireless devices.⁸

Overall, SaskAlert provides a single point of entry in Alert Ready for emergency alerts created by trained users from participating jurisdictions including provincial, municipal and First Nations' participants. SaskAlert also issues alerts created by federal participants such as Environment Canada.⁹

2.3 Importance of Timely and Accurate Public Alerting

A growing number of serious weather-related events have compromised the safety of people and property in Saskatchewan in recent years. For example, southern Saskatchewan experienced tornados resulting in severe damage, loss of life, and multiple injuries.¹⁰ Recently, many Saskatchewan communities also experienced flooding events at greater intensities.¹¹

When climate-change impacts are considered, Saskatchewan anticipates future climate variability.¹² Expected variability in the frequency and severity of storms and weather events in Saskatchewan along with the province's widely dispersed population increases the importance of alerting the public promptly and as events develop.

Timely notification about developing dangerous events allows residents and visitors in Saskatchewan the ability to take action to protect themselves, their families, and property.

Having numerous participants creating alerts across Saskatchewan increases the risk of alerts being inaccurate or not adhering to standards and protocols.¹³ Inaccurate emergency alerts can cause unnecessary anxiety for citizens. In addition, frequent

⁷ Critical alerts are also referred to as “broadcast immediate” alerts.

⁸ Beginning in April 2018, Alert Ready disseminates critical alerts through compatible cell phones and wireless devices. Compatible devices at December 2018 include android devices with version 4.2 and higher, and iPhones with version 8 and higher. Saskatchewan residents receive these alerts on their devices regardless of whether they have downloaded the SaskAlert mobile app.

⁹ Alerts issued by federal participants are outside the scope of our audit.

¹⁰ Whittrock, V. et. al, *Saskatchewan Flood and Natural Hazard Risk Assessment*, (2018), p.87.

¹¹ *Ibid.*, pp.vi, 27, 29.

¹² *Ibid.*, pp.1, 19, 20.

¹³ For example, in January 2018, one of Saskatchewan's municipalities issued an alert warning people about a flood and fire that did not exist. The municipality had inadvertently entered a practice alert into the live system in error.



inaccurate or unnecessary alerts may result in the public viewing SaskAlert as an unreliable source or result in them ignoring alerts.

Timely, accurate, and clear notifications of risks and hazards can help Saskatchewan residents adequately prepare for situations that may pose a risk to their health and/or safety (e.g., flood, power outage, wildfire, and tornado).

3.0 AUDIT CONCLUSION

We concluded that, for the 12-month period ending January 31, 2019, the Ministry of Government Relations had effective processes, other than in the following areas, to alert the public about imminently dangerous events in Saskatchewan. The Ministry needs to:

- **Maintain an enforceable contract with, and monitor the party providing day-to-day administration for the SaskAlert program**
- **Periodically review appropriateness of user access to the national alerting system – Alert Ready**
- **Monitor public alerts about imminently dangerous events created in Alert Ready and take action on those who issue inaccurate or untimely alerts**

Figure 1 – Audit Objective, Criteria, and Approach

<p>Audit Objective:</p> <p>Assess the effectiveness of the Ministry of Government Relations' processes, for the 12-month period ending January 31, 2019, to alert the public about imminently dangerous events in Saskatchewan.</p> <p>Audit Criteria:</p> <p>Processes to:</p> <ol style="list-style-type: none">1. <u>Set clear protocols to create alerts</u><ol style="list-style-type: none">1.1 Follow national guidance and standards to create alerts in the National Alert Aggregation and Dissemination system (e.g., type, classification, common alerting protocol)1.2 Agree on clear roles and responsibilities of service providers and participants (e.g., provincial government agencies, municipalities, First Nations)1.3 Train participants to create alerts (e.g., templates, manuals, training sessions, support)2. <u>Issue timely and accurate alerts to the public</u><ol style="list-style-type: none">2.1 Issue alerts that align with Ministry guidance (e.g., protocols)2.2 Clearly define responsibilities for availability and security (e.g., back-up processes, disaster recovery, user access) of relevant IT systems (i.e., National Alert Aggregation and Dissemination system, SaskAlert website, and SaskAlert application) with key service providers2.3 Control user access to relevant IT systems to protect systems and data from unauthorized or inappropriate access2.4 Monitor distribution of alerts (e.g., IT system availability, timeliness, accuracy)2.5 Increase awareness of public alerting in Saskatchewan3. <u>Monitor service providers and participants</u><ol style="list-style-type: none">3.1 Periodically test the National Alert Aggregation and Dissemination system, SaskAlert website, and SaskAlert application (e.g., availability, timeliness, accuracy)3.2 Take action on non-compliant service providers (e.g., meet availability targets, accuracy/timeliness of alerts, system error)3.3 Take action on non-compliant participants (e.g., require further training, remove access)

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 Ministry’s processes, we used the above criteria. Ministry management agreed with the above criteria. We based the criteria on our related work, reviews of literature including reports of other auditors, and consultations with management.

We examined the Ministry’s policies and procedures that relate to alerting the public about imminently dangerous events. We interviewed staff and participants. We assessed the Ministry’s agreements with service providers and participating jurisdictions. We examined the Ministry’s procedure manuals, training materials, alert templates, reports from service providers, and public information about instances of dangerous events. We tested a sample of participants, and a sample of alerts issued.

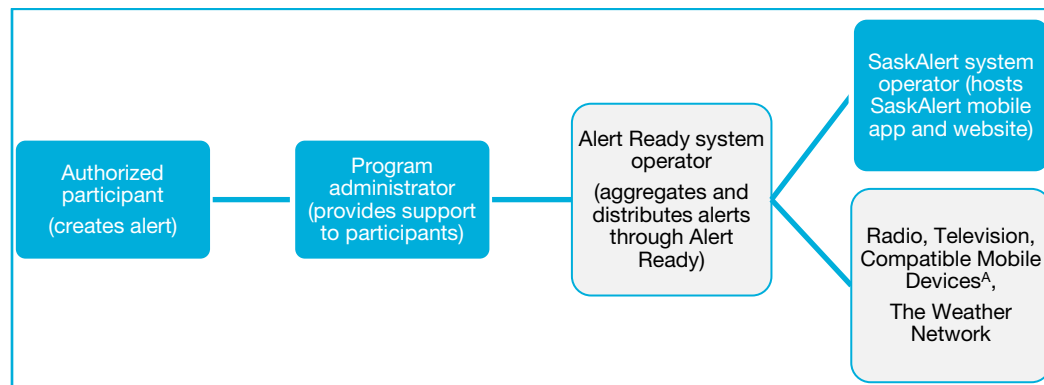
4.0 KEY FINDINGS AND RECOMMENDATIONS

4.1 Responsibilities of Key Parties Well Defined

The responsibilities of each key party involved in the delivery of SaskAlert program are well-defined through either agreements, or well-established working relationships. However, the Ministry does not have an enforceable written agreement finalized with the service provider responsible for day-to-day administration of the SaskAlert program.

As shown in **Figure 2**, a number of key parties assist the Ministry in delivering the SaskAlert program. They include authorized participants, a program administrator, the Alert Ready system operator, and the SaskAlert system operator.

Figure 2—Key Parties Involved in Issuing Public Alerts for SaskAlert



Source: Adapted from information provided by the Ministry of Government Relations.

Blue boxes indicate provincial responsibility (SaskAlert program).

Gray boxes indicate federal responsibility of the Alert Ready system.

^ACompatible devices at December 2018 include android devices with version 4.2 and higher, and iPhones with version 8 and higher.

The Ministry clearly sets out the expectations of participants with standard forms and guidance. It asks various agencies in levels of government (e.g., provincial government agencies, municipalities, First Nations) to voluntarily participate in the public alerting program. It requires interested participants to complete standard forms and training before they can become authorized participants. In general, authorized participants are responsible for issuing alerts relevant to their responsibilities (for example, municipal participants can issue alerts in their geographic location only for events such as fire, water quality, etc.).



At March 2019, 353 municipalities, 3 First Nations, and 12 government agencies (e.g., Ministry of Environment, Saskatchewan Health Authority, SaskPower) participate in the SaskAlert program.

As shown in **Figure 3**, the Ministry uses three service providers to carry out key functions in delivering the SaskAlert program.

Figure 3—Key Responsibilities of SaskAlert Service Providers

Related Arrangement	Key Responsibilities	
	Service Provider	Ministry
Alert Ready system operator	<ul style="list-style-type: none"> ➤ Operate and maintain Alert Ready (including system availability, security, software updates, and licences) ➤ Distribute alert messages in accordance with specified standards ➤ Provide a 24-hour help-desk function and online resource centre to support system users ➤ Set policy for public testing of Alert Ready^A ➤ Determines (with consultation) timing of public testing (maximum of five times per year) 	<ul style="list-style-type: none"> ➤ Follow specific standards and protocols of Alert Ready (e.g., Common Alerting Protocol – Canadian Profile (CAP-CP))^B when issuing alerts for distribution. Examples of CAP-CP requirements include: <ul style="list-style-type: none"> ○ limits on the length of an alert ○ classification of alerts by specific event types (e.g., flood, fire, health) ○ identification of the alert issuer to the public ➤ Authorize user access to Alert Ready ➤ Train authorized users on preparing alerts in accordance with specified standards ➤ Participate in public testing of Alert Ready
SaskAlert system operator	<ul style="list-style-type: none"> ➤ Host SaskAlert website and mobile app (including system availability, security, software updates, and licences) ➤ Operate help-desk services and system support for mobile app ➤ Give Ministry information on operation, performance, and use of the website and mobile app (e.g., how many people have the mobile app and how much time they spend on it) ➤ Restrict user access to the SaskAlert website and mobile app to the SaskAlert system operator and its subcontractors 	<ul style="list-style-type: none"> ➤ Monitor the SaskAlert system operator via monthly reports ➤ Raise concerns with the SaskAlert system operator where the operator is not meeting agreed-upon expectations
Program administrator	<ul style="list-style-type: none"> ➤ Set up participants in Alert Ready with access aligned with their jurisdiction’s responsibilities set out in the approved user access form ➤ Train (using Ministry guidance) participants to create alerts in Alert Ready, and review participants’ practice alerts in Alert Ready test environment ➤ Operate a help-desk to support participants creating alerts ➤ Review every live alert issued for accuracy and follow up with participants as required, effective February 1, 2019 	<ul style="list-style-type: none"> ➤ Set training requirements for participants ➤ Perform quarterly site visits to evaluate the operation of the SaskAlert program, and to check files and system data ➤ Perform periodic review of program administrator files to identify discrepancies between participants’ responsibilities (set out in their user access agreements), and their user access to Alert Ready

Source: Adapted from agreements and terms of reference.

^APublic testing requires the Ministry to create a live alert in Alert Ready for dissemination to the public through all media channels.

^B*Common Alerting Protocol* is an international alerting standard published by the Organization for the Advancement of Structured Information Standards. *Common Alerting Protocol – Canadian Profile* addresses public alerting issues specific to Canada. It was published by Public Safety Canada. www.publicsafety.gc.ca/cnt/mrgnc-mngmnt/mrgnc-prprdnss/capcp/index-en.aspx (07 April 2019).

Alert Ready system operator: The Ministry entered into a generally adequate and up-to-date agreement with the Alert Ready system operator to gain access to Alert Ready.¹⁴ By agreement, the Ministry must follow specific standards and protocols of Alert

¹⁴ The Ministry of Corrections, Public Safety and Policing originally signed the agreement in November 2011. Cabinet moved the responsibility for public safety to the Ministry of Government Relations in 2012.

Ready when issuing alerts for distribution. The agreement clearly describes the responsibilities of the system operator and of the Ministry. The agreement also contains general provisions regarding dispute resolution and termination. While the agreement does not contain explicit mechanisms for monitoring and reporting, in practice, the Ministry receives monthly reports on system availability to enable monitoring.

SaskAlert system operator: The Ministry has an adequate and up-to-date agreement with the SaskAlert system operator, signed in 2016.¹⁵ The Ministry is responsible for the SaskAlert website and mobile app, and the data contained within. The Ministry hired, through an agreement, a SaskAlert system operator to host the SaskAlert website and mobile app. It has also made the operator responsible for their availability, security, software updates and licences. The agreement clearly outlines the responsibilities of the SaskAlert system operator and its subcontractors, and the Ministry. It requires the SaskAlert system operator and its subcontractors to provide monthly reports to the Ministry that allow the Ministry to monitor their compliance with key terms in the agreement. The agreement also contains general provisions regarding dispute resolution and confidentiality.¹⁶

Program administrator: The Ministry does not have a finalized or up-to-date agreement with the program administrator. Under its Alert Ready agreement, the Ministry is responsible for authorizing user access to Alert Ready for Saskatchewan participants who issue alerts, and for providing training to those participants. In addition, it is responsible for the content of alerts issued. It hired a program administrator to carry out these responsibilities on its behalf without having an enforceable written contract in place. Rather, the Ministry uses a 2017 draft Terms of Reference that outlines key responsibilities of both the program administrator and the Ministry for the SaskAlert program.¹⁷

We found the draft Terms of Reference do not include mechanisms for monitoring and reporting on the program administrator's services. In addition, they are not current, as they do not reflect additional live alert review responsibilities assigned in February 2019.

Without a complete or formal agreement with its program administrator, the Ministry may have difficulty enforcing the requirements of the draft Terms of Reference (e.g., completing changes to participant information within three working days, responding to participant requests in 24 hours) and additional arrangements (i.e., alert reviews). Not providing participants with sufficient support when issuing alerts may cause undue delays, which in turn may give the public less time to prepare for emergencies.

1. We recommend the Ministry of Government Relations maintain a robust and enforceable written contract with the party providing day-to-day administration for the SaskAlert program.

¹⁵ The SaskAlert system operator has subcontracted certain functions to other companies (e.g., provision of help-desk services, system support for mobile app).

¹⁶ The term of the agreement is set out in the Ministry's original request for proposal.

¹⁷ In April 2018, the Saskatchewan Public Safety Agency signed an agreement with the program administrator to provide public safety services related to emergency communications. The agreement described specific responsibilities about the operation of the 911 call centre in Prince Albert, but it did not specifically outline key responsibilities related to the SaskAlert program. At March 2019, Ministry staff operate the Agency.



4.2 Robust Guidance for Issuing Alerts Aligns with National Standards

The Ministry's guidance for creating alerts is extensive and aligns with national Alert Ready standards, which it has agreed to follow.

The Ministry keeps up-to-date on national standards and guidance through staff involvement on a national alerting governance council, and related committees and working groups (e.g., Public Alerting Working Group).¹⁸ The Public Alerting Working Group is a federal/provincial/territorial group of senior officials responsible for emergency management strategies in Canada. It established Common Look and Feel Guidance to promote consistency between alerts to make them more understandable to the public (e.g., how alerts are displayed, alert expiry). We found Ministry staff were familiar with national standards and guidance.

The Ministry maintains the SaskAlert Standard Operational Procedure and Policy Manual along with standard user access forms and 38 alert templates (12 critical, 26 advisory) for different categories of alerts. The Manual sets out standard operating procedures to help participants understand their responsibilities, and guide them in creating different types of alerts.

The Ministry updates its Manual and templates as needed based on feedback from participants, service providers, and various public alerting committees.

Furthermore, Alert Ready's website that participants use to create alerts has automatic fields (e.g., drop-down menus, check boxes, required fields) to reduce the chance of error in creating alerts. To access Alert Ready, participants require a unique username and password, and they can only create alerts for their own jurisdiction and only for relevant events.

All four alert templates (one critical, three advisory) we tested complied with Common Look and Feel Guidance. The one critical alert template we assessed, in detail, complied with national Alert Ready standards. We also noted that, although not required for advisory alerts, the Ministry's advisory alert templates complied with national Alert Ready standards.

Providing robust guidance for creating alerts reduces the risk of participants issuing incorrect alerts or alerts that are inconsistent with national standards.

4.3 Participants Properly Authorized

The Ministry properly authorized municipalities, First Nations, and provincial government agencies interested in participating in the SaskAlert program (i.e., participating jurisdictions).

¹⁸ Terms of Reference state the alerting governance council consists of representatives of provincial, territorial and federal governments; broadcasters; national alerting system operator, and the Canadian Association for Public Alerting and Notification. The Council's purpose is to ensure that Alert Ready meets the needs of stakeholders. The Council provides direction on alerting protocols, technical requirements and support needed. It also provides advice on system security measures, back-up systems needed, etc.

The Ministry requires all participating jurisdictions to complete and sign a standard user access form requesting access to Alert Ready, and designating individuals to prepare alerts (i.e., participants). The form states that participants will not have access to create live alerts in Alert Ready until they complete training, and fulfill other requirements (e.g., initial practice alerts). Live alerts are those issued in Alert Ready's real-time environment.

The Ministry, through its program administrator, provides participants with adequate training for creating alerts. The Ministry gives its program administrator comprehensive and up-to-date materials to train participants.

We found the Ministry's training program explicitly covers participant responsibilities set out in the Ministry's Standard Operational Procedure and Policy Manual. It requires participants to:

- Familiarize themselves with the Ministry's standard operating procedures (e.g., participant responsibilities, requirement to complete training and initial practice alerts, how participants are monitored, available support)
- Complete a training session and issue three initial practice alerts using Ministry templates in the Alert Ready test environment
- Complete ongoing quarterly practice alerts

The Ministry's training materials include:

- How to create an alert step by step
- Templates to guide participants through creating standard alerts
- The Ministry's standard operating procedures

As previously noted, the program administrator trains participants on the Ministry's behalf. Through its program administrator, the Ministry tracks participants who complete training and three initial practice alerts.

For each of the 30 participant forms we tested, the Ministry confirmed the participant properly signed and completed the form, and the participant completed the required training and practice alerts before the Ministry granted them access to create live alerts in Alert Ready.

In addition, for the three participants we interviewed (i.e., one from a municipality, one from a First Nation, and one from a provincial agency), each described their responsibilities consistent with the Ministry's standard operating procedures.

Setting out key participant responsibilities helps the Ministry ensure participants fulfill their responsibilities and that they issue timely and accurate alerts. Providing adequate training to participants reduces the risk of participants issuing inaccurate or untimely alerts.



4.4 Alert Ready Operator Adequately Monitored

The Ministry adequately monitors the Alert Ready system operator.

To monitor the Alert Ready system operator, the Ministry primarily uses the Ministry staff's involvement on the national alerting governance council and other working groups along with periodic system testing.

In 2018, the Ministry worked with the system operator to test Alert Ready, the SaskAlert website and mobile app twice, and to follow up on identified issues. The Ministry determined the tests were a success. We also confirmed the Alert Ready software is up to date.

In addition, the Ministry receives monthly reporting from the SaskAlert system operator that provide data on the national system's availability (e.g., number of hours unavailable).

We found it unclear whether the Ministry actively reviews the monthly reports to monitor system availability and follow up on issues, if any. Our review of the monthly reports found only one instance for a 16-hour period where the Alert Ready website was not performing as expected with no follow up by the Ministry.

Our review of program administrator and SaskAlert system operator help-desk logs found two reported concerns with Alert Ready system availability that they had followed up and resolved promptly. Adequate monitoring of the Alert Ready system operator gives the Ministry confidence that Alert Ready will be available when an emergency occurs.

4.5 SaskAlert System Operator Actively Monitored

The Ministry actively monitors the SaskAlert system operator. As noted in **Figure 3**, the SaskAlert system operator hosts the SaskAlert website and mobile app.

The Ministry reviews monthly reports. We found these reports cover all key requirements set out in the agreement (e.g., SaskAlert website and mobile app availability, issues participants raise and their resolution, statistics on SaskAlert website and app use by the public). We confirmed the SaskAlert website, and SaskAlert app software is up to date.

Our review of two months of reports did not identify any instances of non-compliance that required Ministry follow up. We also reviewed the program administrator and SaskAlert system operator help-desk logs and found no reported instances of SaskAlert system operator non-compliance that required Ministry follow up.

Active monitoring of the SaskAlert system operator helps ensure the SaskAlert website and app are available and secure. This in turn helps ensure the public receives issued alerts.

4.6 Better Monitoring of Program Administrator Needed

The Ministry does not sufficiently monitor whether the program administrator fulfills its expected responsibilities—in particular, in providing support and granting participant user access. In addition, it did not keep results of its monitoring.

As previously noted, at March 2019, SaskAlert had 368 participating jurisdictions with about 500 participants with access to issue live alerts.

The Ministry uses informal feedback from participants and the program administrator to monitor the program administrator's support to participants. Support includes training participants, setting up authorized participants in Alert Ready, operating the help-desk, and reviewing participant alerts (i.e., practice alerts, and effective February 1, 2019, live alerts after their issuance).

For 6 of 15 issued alerts we tested where participants identified system issues, the Ministry or program administrator followed up with participants promptly.

The Ministry is aware that it is not receiving sufficient reporting from the program administrator. In November 2018, it worked with the program administrator to develop a new reporting template.

We found the new reporting template insufficient. Under this template, the program administrator is to give the Ministry information about only some of the program administrator's activities related to expectations set out in the draft Terms of Reference. The Ministry will not receive information on whether the program administrator completes changes to participant information in three working days, or responds to participant help-desk requests in 24 hours, or checks practice alerts within five days of submission.

In addition, the Ministry was unable to show us evidence whether it had done quarterly site visits or periodic reviews of the program administrator's files as envisioned in the 2017 draft Terms of Reference.

File reviews identify discrepancies between participants' responsibilities as set out in user access forms, and their user access to Alert Ready. The Ministry told us it conducted its annual review of the program administrator files in February 2018 but did not document the results of its review.

Our tests of the appropriateness of participant user access found:

- Four of 13 new participants we tested had inappropriate access in Alert Ready. Three had inappropriate event access (e.g., a municipal participant had access to create health alerts; a parks participant had access to create school alerts). One Ministry employee had access to issue live alerts three months after retirement. The Ministry had not requested the removal of access for this individual. We reviewed alerts and determined that none of these four individuals issued any alerts.

The Ministry had not identified the inappropriate access of these participants because it reviewed program administrator files only annually.



- For each of 11 participants who no longer required access that we tested, the program administrator removed their access within three working days of the request by the participating jurisdiction indicating that the participant no longer required access.

Not receiving reporting from a key service provider responsible for day-to-day program administration makes it difficult to monitor the quality of services received. In addition, not documenting monitoring activities done, or not monitoring frequently enough, makes it difficult to identify gaps and take timely and appropriate action.

2. We recommend the Ministry of Government Relations document its regular monitoring of all key responsibilities of its SaskAlert program administrator.

In addition, we found neither the Ministry nor the program administrator reviews user access to Alert Ready to confirm the continued appropriateness of that access. For example, they do not obtain a listing of current users from the Alert Ready system and ask participating jurisdictions to confirm the users listed continue to require access. Good practice suggests at least an annual review.

The Ministry indicated the Alert Ready operator was unable to produce meaningful user access reports that it could use for periodic reviews of access by the Ministry and participants.

Under its agreement with the Alert Ready system operator, the Ministry is responsible for authorizing user access to Alert Ready. If participants have unauthorized access, there is increased risk they may issue inappropriate alerts, which could negatively affect the SaskAlert program's reputation.

3. We recommend the Ministry of Government Relations work with the operator of Alert Ready (the National Alert Aggregation and Dissemination System) to obtain information needed to enable a periodic review of the appropriateness of user access to the System.

4.7 Quarterly Practice Alerts Not Always Done and Monitoring of Live Alerts Not Documented

The Ministry does not sufficiently monitor whether participants complete practice alerts each quarter, or document participant errors in live alerts, or suspend participants who do not complete alerts as expected.

In 2018, SaskAlert participants issued 104 alerts (2017: 61 alerts). That means most participants issue alerts very infrequently.

The Ministry requires participants to complete ongoing practice alerts each quarter to maintain familiarity with Alert Ready. When the Ministry identifies a participant who has not completed required practice alerts, its standard operating procedures require it to suspend that participant's access to the live environment of Alert Ready (i.e., remove the ability to issue live alerts).

We found the Ministry only verifies participants are completing ongoing practice alerts annually instead of quarterly. At the time of our audit, the Ministry last verified compliance in February 2018. It did not document the results of its review. The Ministry completed the next verification in February 2019; however, results were not yet finalized and available at March 2019.

For 23 of 30 participants we tested, each participant had not completed a practice alert within the last three months as expected.

In addition, we identified two participants with access received in 2016 and 2017 respectively who never completed ongoing practice alerts (other than initial practice alerts completed during training). At January 2019, both participants had access to create live alerts in Alert Ready.

Up to February 1, 2019, the Ministry had an informal process to review every alert issued.¹⁹ When it identified issues with an alert, it followed up directly with the participant to provide guidance to fix the alert, but did not document guidance it provided to the participant. We tested 15 issued alerts and found all to be clear, accurate, and issued within an appropriate time frame.

The Ministry did not track all concerns or issues with participants after its review of each alert. Without tracking concerns, the Ministry has no way to know which participants may require further training or assistance. Tracking these issues can also help ensure the Ministry's actions (e.g., require additional training, suspend or remove user access) are consistent.

Participants not completing ongoing practice alerts are at an increased risk of not being able to create a timely or accurate alert to notify the public about a real emergency when it occurs. Actively monitoring participants struggling to complete practice or live alerts could help the Ministry identify participants at a higher risk of issuing an inaccurate alert; it can then use its time and resources working with those participants who pose the greatest threat to the SaskAlert program's reputation.

4. We recommend the Ministry of Government Relations actively monitor whether SaskAlert participants complete timely and accurate alerts, and take action where necessary (e.g., suspend system access).

4.8 Timely and Accurate Alerts Issued by the Ministry and Participants

The Ministry and SaskAlert participants issued timely and accurate alerts.

In 2018, the SaskAlert program issued 370 alerts of which 11 were critical (e.g., missing vulnerable person) (2017: 294 alerts of which 17 were critical). Of those alerts, Environment Canada created 266 for weather events affecting Saskatchewan.²⁰

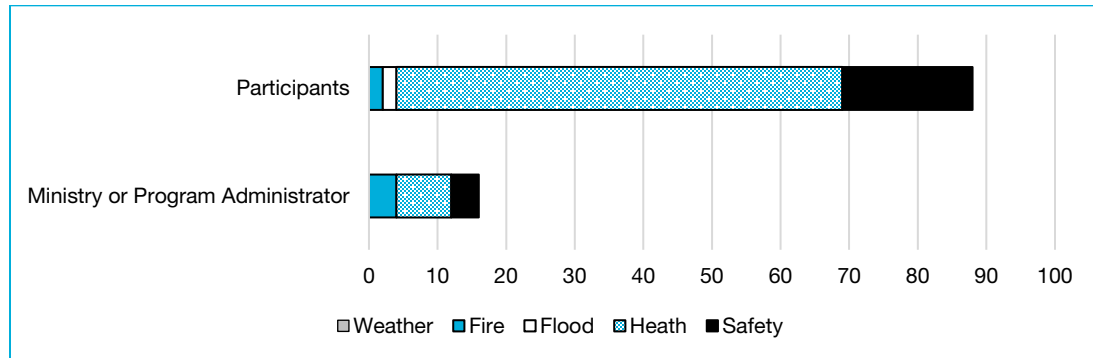
¹⁹ Effective February 1, 2019, the Ministry requested its program administrator to review each issued alert.

²⁰ Environment Canada created 6 critical and 260 advisory alerts in 2018.



As shown in **Figure 4**, Saskatchewan participants (including the Ministry and program administrator) issued 104 of the alerts for fire (e.g., wildfire, industrial fire), flood, health (e.g., water quality), and safety (e.g., amber alert, missing person, dangerous animal, utility service disruption).

Figure 4—Number and Type of Alerts by Saskatchewan Participants and the Ministry in 2018



Source: Provincial Auditor Saskatchewan based on information available at emergencyalert.saskatchewan.ca/alerts/2018/index.html (27 March 2019).

For each of the 15 alerts (five critical, 10 advisory) we tested, each alert was clearly worded, followed Ministry templates, created by an appropriate user, and issued within an appropriate time frame.

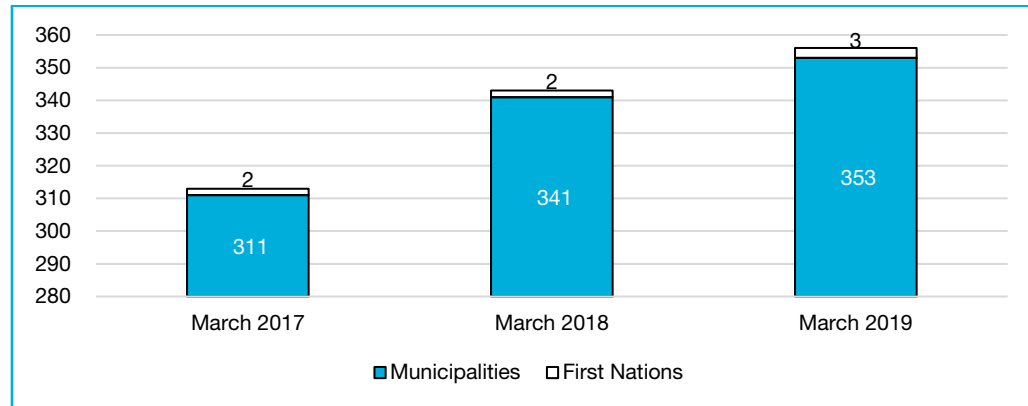
In addition, we reviewed news articles and public archives to identify imminently dangerous events that occurred during our audit period. We identified four such events (three wildfires, one amber alert)—of which two wildfires occurred on First Nations that do not participate in the SaskAlert program (therefore no alert was issued). For the two events that occurred in jurisdictions participating in the SaskAlert program, we found these alerts were accurate and timely.

Issuing timely and accurate alerts can help Saskatchewan residents adequately prepare for situations that may pose risks to their health and safety.

4.9 Participant Engagement Increasing

The Ministry is taking steps to increase engagement of participants. As shown in **Figure 5**, participation of municipalities and First Nations in the SaskAlert program increased over the last three years.

The Ministry aims to have 100% of Saskatchewan municipalities and First Nations participating in the program. At March 2019, almost half of Saskatchewan’s 773 municipalities (i.e., 353 municipalities) and less than five percent of Saskatchewan’s 70 First Nations (i.e., three First Nations) participate in the SaskAlert program.

Figure 5—Number of Saskatchewan Communities Participating in the SaskAlert Program

Source: Adapted from information provided by the Ministry of Government Relations.

The Ministry identified factors limiting municipalities and First Nations from participating in the SaskAlert program, and factors affecting the level of engagement of existing participants (e.g., time commitment, practice alert requirements, re-training needed due to frequent turnover). It developed reasonable strategies to improve participant engagement that it plans to implement (e.g., make training more user-friendly, develop a tool to capture feedback from jurisdictions).

The Ministry promotes the SaskAlert program to potential participants via attendance at municipal conferences (e.g., Saskatchewan Urban Municipalities Association annual conference). It also provides provincial Emergency Services Officers with information on the program to share when they interact with municipalities and First Nations.²¹

Increased participant engagement in the SaskAlert program can allow alerts to reach more communities.

4.10 Public Engagement Increasing

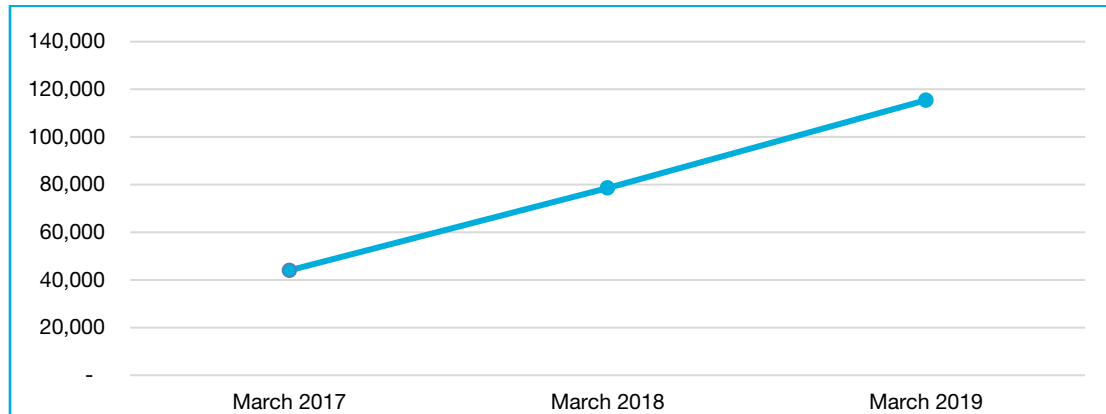
The Ministry is also taking steps to increase public engagement in using the SaskAlert website and/or mobile app. At March 2019 as shown in **Figure 6**, over 115,000 of the estimated 970,000 (i.e., nearly 12%) mobile device users in Saskatchewan downloaded the SaskAlert mobile app; more than doubling since March 2017.^{22,23} Saskatchewan's population is an estimated 1.17 million as of December 31, 2018.²⁴

²¹ Provincial emergency services officers regularly communicate with Saskatchewan municipalities and First Nations to assist communities in their emergency response efforts.

²² 115,000 obtained from data provided by the Ministry of Government Relations management.

²³ 970,000 determined by applying Saskatchewan's smartphone penetration of 84% (from the Canadian Radio-Television and Telecommunications Commission's *Communications Monitoring Report 2018*) to Saskatchewan's population at December 31, 2018.

²⁴ www.saskatchewan.ca/government/news-and-media/2019/march/21/population-numbers (07 April 2019).

**Figure 6—Number of Mobile Devices with the SaskAlert App**

Source: Adapted from information provided by the Ministry of Government Relations.

The Ministry receives reporting from its SaskAlert system operator to help it identify trends and issues with the website and the mobile app (e.g., number of users, amount of time logged on the website and app). The Ministry could use this information to identify trends or issues and develop further strategies to improve public engagement.

The Ministry communicates clearly to the public about the SaskAlert program using social media, information brochures, and online information and videos. It communicates how to access alerts through the SaskAlert website and app.

Increasing public engagement in using SaskAlert can help ensure alerts reach more residents so they can adequately prepare for situations potentially affecting their health and safety. Having more members of the public use the SaskAlert website and app contributes to the SaskAlert program meeting its objective of informing as much of the general public as possible about imminently dangerous events affecting them.

5.0 SELECTED REFERENCES

Allport, Doug et al. (2009). *Canadian Profile of the Common Alerting Protocol (CAP-CP) Introduction and Rule Set*. Version: Beta 0.3. Ottawa: Government of Canada. www.publicsafety.gc.ca/cnt/rsrscs/pblctns/capcp-ntro-rl-st/Beta-03-en.pdf%20 (11 April 2019).

Federal/Provincial/Territorial Public Alerting Working Group of Senior Officials Responsible for Emergency Management (2016). *National Public Alerting System, Common Look and Feel Guidance*. Version 1.2. Ottawa: Author. www.publicsafety.gc.ca/cnt/mrgnc-mngmnt/mrgnc-prprdncs/npas/rchvd/fls/clf-lng-12-en.pdf (11 April 2019).

Federal Emergency Management Agency (2018). *Best Practices and Considerations – IPAWS Alert Origination Tools*. Washington: Author. www.fema.gov/media-library-data/1527703909948-791ed354fd0ba992fa4dbb27f39dc8b9/Best_Practices_and_Considerations-Alert_Origination_Tools.pdf (11 April 2019).

Provincial Auditor of Saskatchewan (2017). *2017 Report – Volume 2, Chapter 23, Environment – Detecting Wildfires*. Regina: Author.

Provincial Auditor of Saskatchewan (2016). *2016 Report – Volume 1, Chapter 5, Central Services – Data Centre Security*. Regina: Author.

Provincial Auditor of Saskatchewan (2016). *2016 Report – Volume 1, Chapter 6, Central Services – Web Application Security Requirements*. Regina: Author.

Provincial Auditor of Saskatchewan (2015). *2015 Report – Volume 2, Chapter 41, Tourism Saskatchewan – Managing the Use of Social Media*. Regina: Author.

Chapter 7

Health – Monitoring Opioid Prescribing and Dispensing

1.0 MAIN POINTS

Canada is facing an opioid crisis driven by both illegal and prescription opioids. Prescribers commonly use prescription opioids as one of several approaches to address chronic pain. Unfortunately, opioids are associated with a high risk of addiction.

About 16 Canadians are hospitalized each day, and eight people die each day because of opioid-related poisonings. This is more than the average number of Canadians killed daily in motor vehicle collisions. In 2018, 119 people died due to opioids (117 in 2017) in Saskatchewan.

For the six most prescribed opioids, Saskatchewan's prescribing of opioids is well above the national level. Physicians prescribe almost all opioids in Saskatchewan.

This chapter reports on the processes that the Ministry of Health uses to reduce misuse and addiction of prescribed opioids. It notes that the Ministry needs to:

- Consider whether the scope of its monitoring activities is sufficient to reduce inappropriate prescribing and dispensing of opioids in Saskatchewan.

Since 1988, the Ministry helps fund a physician prescription monitoring and education program. It receives limited information to determine whether the program helps reduce prescribed opioid misuse. The audit identified various improvements needed in delivering the program, including giving the program access to necessary patient information, and a functional IT system.

The Ministry does not actively monitor dispensing practices of Saskatchewan's 385 pharmacies, or know whether those practices contribute to the opioid crisis. A risk-based monitoring approach would help it determine whether pharmacies properly dispense opioids.

Also, the Ministry did not monitor all opioids prescribed in Saskatchewan including ones known to be more addictive, and to cause overdose or death. Monitoring all opioids would help detect misuse and inappropriate opioid prescribing.

- Work with the College of Physicians and Surgeons of Saskatchewan to promote physicians reviewing patient medication profiles before prescribing opioids. Professional bodies in other provinces like Alberta and British Columbia require physicians to do so for high-risk drugs like opioids. Such reviews may help physicians identify a patient's potential misuse of opioids or over-prescribing.

Opioid misuse affects people in communities across Saskatchewan. Actively monitoring prescribing and dispensing of opioids helps ensure only patients experiencing chronic pain receive opioids, and risks of addiction to opioids are appropriately managed.



2.0 INTRODUCTION

Opioid medications are some of the controlled substances under *The Controlled Drugs and Substances Act* (Canada) and *The Narcotic Control Regulations* (Canada). This Act and related Regulations provide a framework for the control of substances that can alter mental processes, and may produce harm to an individual or society when diverted to an illicit market.

The Regulations set out prescribing and dispensing rules that practitioners and pharmacists must follow. Practitioners include all persons who, by law, are entitled to write opioid prescriptions (e.g., physicians, nurse practitioners, dentists).

2.1 Provincial Ministerial Responsibility

Under *The Provincial Health Authority Act*, the Ministry of Health is responsible for the strategic direction of the health care system in Saskatchewan, and administers the provincial drug plan. The Ministry is also responsible for monitoring the prescribing and dispensing of opioid medications within the province under *The Prescription Drugs Act*.

2.2 Impact of Opioid Use in Canada and in Saskatchewan

Opioids are causing a growing number of overdoses and deaths in Canada. The Government of Canada views this trend as a national public health crisis.¹

Canada is the second largest consumer of prescription opioids in the world, and a large percentage of youth report using prescription opioids for non-medical purposes.² The International Narcotics Control Board reports that Canadians' use of prescription opioids increased by nearly 200% between 2000 and 2014.³ In addition, the Canadian Institute for Health Information found that between 2012 and 2017 the number of prescriptions has leveled off and decreased by one percent in Canada.⁴ Opioid poisonings resulted in an average of 16 hospitalizations daily in Canada in 2016-17.⁵

As shown in **Figure 1**, between 2013 and 2018, the number of individuals receiving prescribed opioids from Saskatchewan pharmacies has slowly declined. For the 2018-19 fiscal year, 98,947 individuals received prescribed opioids for pain with pharmacists filling 441,354 opioid prescriptions in Saskatchewan; the majority of which were for hydromorphone (45%), codeine (32%), and morphine (10%). For the 2018-19 fiscal year, Saskatchewan pharmacies dispensed 359,681 prescriptions for opioids used for treating opioid addiction (e.g., methadone).⁶

¹ www.canada.ca/en/health-canada/services/substance-use/problematic-prescription-drug-use/opioids/responding-canada-opioid-crisis.html. (09 October 2018).

² Non-medical use is the use of opioids for purposes other than those directed by a prescriber, including taking them more frequently and/or in higher doses and taking them to achieve euphoria.

³ Fisher B., et al, *Effective Canadian Policy to Reduce Harms from Prescription Opioids: Learning from Past Failures*, (2006), p. 1241.

⁴ Canadian Institute for Health Information, *Opioid-Related Harms in Canada*, (2017), p. 18.

⁵ *Ibid.*, p. 8.

⁶ Based on the records provided by the Ministry of Health.

Figure 1 – Number of Individuals Who Received Prescribed Opioids for Pain from a Saskatchewan Pharmacy ^A

	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	% Change between 2017-18 and 2018-19
Saskatchewan residents on an opioid prescription	106,952	106,806	107,626	106,691	102,281	98,947	(- 3.3%)

Source: Records provided by the Ministry of Health.

^A **Figure 1** does not include prescribed opioids dispensed in Saskatchewan hospitals.

Saskatchewan is also impacted by the national opioid crisis. For the six most prescribed opioids (i.e., codeine, hydromorphone, oxycodone, tramadol, morphine, and fentanyl) Saskatchewan's 2017 defined daily doses of 6,616 doses per 1,000 population is well above the national level of 5,479 per 1,000 population.^{7,8}

Among 19 Canadian cities with populations greater than 100,000, Regina ranked first for the highest rate of opioid poisoning hospitalizations with a rate of 28.3 per 100,000 people in 2016-17. The rate in Saskatoon was 26.1—higher than both Vancouver's rate of 20.5 per 100,000, and Toronto's rate of 7.9 per 100,000.⁹

According to the Chief Coroner's April 2019 report, Saskatchewan had 119 deaths due to opioid drug toxicity in 2018 and 117 in 2017. It reported that, in 2018, overdosing of fentanyl (32), hydromorphone (31), methadone (26), and morphine (25) caused most of these deaths.¹⁰

Pain is one of the most common reasons for seeking health care in North America. Recent research indicates that six million people in Canada report a form of chronic pain.¹¹

While opioid medication can bring significant improvements to patients' quality of life by relieving pain, it has a high-risk of misuse and abuse leading to addictions, overdoses, and deaths. According to the Centre for Disease Control and Prevention, taking opioids for more than three days will increase risk of addiction.¹² Long-term use of opioids can lead to the development of physical dependence to opioids. Those who have developed a physical dependence can also experience withdrawal symptoms when the dose is lowered. The potential for addiction increases with repeated use of higher doses.¹³

Actively monitoring prescribing and dispensing of opioids helps ensure only appropriate patients experiencing chronic pain receive opioids. In addition, it can lower or prevent risks of harm related to opioids, and help identify patients potentially at risk of addiction. Ineffective monitoring of prescribing and dispensing of opioids may result in increased abuse of opioids and diversion leading to overdoses and death, as well as additional costs to the health care system.

⁷ Canadian Institute for Health Information, *Pan-Canadian Trends in the Prescribing of Opioids and Benzodiazepines, 2012 to 2017*, p. 20.

⁸ A defined daily dose is a statistical measure of drug consumption defined by the World Health Organization. It is the assumed average maintenance dose per day for a drug used for its main indication in adults. www.who.int/medicines/regulation/medicines-safety/toolkit_ddd/en/ (14 April 2019).

⁹ Canadian Institute for Health Information, *Pan-Canadian Trends in the Prescribing of Opioids and Benzodiazepines, 2012 to 2017*, p. 33.

¹⁰ Office of Chief Coroner, *Drug Toxicity Deaths Saskatchewan, 2010 to 2019 (Updated – April 8, 2019)*, pp. 2, 3.

¹¹ Statistics Canada, *Prevalence of chronic pain among individuals with neurological conditions*, (2018), p. 11.

¹² www.choosingwisely.org/patient-resources/using-opioids-safely-after-surgery/ (16 April 2019).

¹³ Canadian Centre on Substance Abuse and Addiction, *Prescription Opioids*, (2017), p. 2.



3.0 AUDIT CONCLUSION

We concluded that, for the 12-month period ending February 28, 2019, the Ministry of Health had effective processes, except in the following areas, to monitor the prescribing and dispensing of opioids to reduce misuse and addiction.

The Ministry needs to:

- **Establish a risk-based approach to identify concerns in opioid dispensing in Saskatchewan pharmacies**
- **Determine whether the Prescription Review Program helps reduce the misuse of prescribed opioids in Saskatchewan**
- **Work with the College of Physicians and Surgeons of Saskatchewan to consider requiring its members to review patient medication profiles prior to prescribing opioids**
- **Confirm which prescribed opioids need to be monitored, and better support the identification of potential misuse of them**

Figure 2—Audit Objective, Criteria, and Approach

Audit Objective: to assess the effectiveness of the Ministry of Health's processes, for the 12-month period from March 1, 2018 to February 28, 2019, to monitor the prescribing and dispensing of opioids, to reduce misuse and addiction.

Audit Criteria:

Processes to:

1. Design prescribing and dispensing of opioid misuse monitoring program
 - 1.1 Educate practitioners (e.g., physicians) and pharmacists on good practice for prescribing and dispensing of opioids and related addictions
 - 1.2 Set methods to actively identify and address possible misuse of prescribed opioids (e.g., criteria to determine drugs and quantities subject to monitoring, concerns from other sources such as police)
 - 1.3 Give practitioners and pharmacists tools to allow for identifying and monitoring of possible opioid misuse at the point of care
 - 1.4 Establish data requirements to monitor prescribing and dispensing practices
 - 1.5 Agree upon roles and responsibilities of key parties (e.g., Ministry of Health, the College of Physicians and Surgeons of Saskatchewan, the Saskatchewan College of Pharmacy Professionals)
 - 1.6 Use drug formulary to limit potential opioid misuse
2. Identify potential prescribing and dispensing of opioid misuse
 - 2.1 Collect opioid prescribing and dispensing data
 - 2.2 Consider complaints (receipt, and follow-up)
 - 2.3 Analyze data patterns to identify opioid misuse and actions taken
3. Take timely action
 - 3.1 Alert practitioners, pharmacists, and other appropriate parties of potential opioid misuse
 - 3.2 Follow-up to assess if behavioural change in prescribing and dispensing practices occur
 - 3.3 Collaborate with professional colleges on the sufficiency of their activities to address identified potential opioid misuse
 - 3.4 Make adjustments where necessary (e.g., add drugs to the prescription review program, adjust IT program, adjust drug formulary)
 - 3.5 Inform senior management and public of actions taken to address key 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 Ministry of Health's processes, we used the above criteria based on our related work, reviews of literature including reports of other auditors, and consultation with management. The Ministry's management agreed with the above criteria.

We examined the Ministry of Health's agreement with the College of Physicians and Surgeons of Saskatchewan, and records that relate to monitoring opioid prescribing and dispensing. We assessed the Ministry's processes to monitor prescribing and dispensing of opioids. We tested a sample of correspondence between physicians and the College of Physicians and Surgeons of Saskatchewan. We consulted with independent consultants with subject matter expertise in the area. The consultants helped us identify good practice.

4.0 KEY FINDINGS AND RECOMMENDATIONS

4.1 Key Partners in Addressing the Opioid Crisis Identified

The Ministry recognizes that tackling the opioid crisis is a national effort. It knows it must work with health care professionals who prescribe and dispense opioids, their related professional bodies, along with those responsible for training and educating.

Professional health care practitioners with the ability to prescribe opioids to patients include physicians, dentists, and nurse practitioners. Pharmacists dispense these opioid prescriptions to patients.

As shown in **Figure 3**, physicians wrote nearly all of the prescriptions for opioids (95%) in Saskatchewan for the 12-months ended December 2018. Dentists and nurse practitioners each write a similar number at 2% for the same period.

Figure 3—Percentage of Opioid Prescriptions by Professional Body

Professional Health care Practitioner	Related Professional Body	Number of Prescribers	Number of Prescriptions	% of Prescriptions
Physicians and Surgeons	College of Physicians and Surgeons of Saskatchewan	2,353	774,261	95%
Dentists	College of Dental Surgeons of Saskatchewan	441	19,287	2%
Nurse Practitioners	Saskatchewan Registered Nurses Association	199	13,145	2%
Miscellaneous	Out-of-Province ^A	Not Available	9,974	1%
Total		3,000	816,667	100%

Source: Adapted from data provided by the Ministry of Health and is for the 12-month period ending December 31, 2018.

^A Out-of-Province are prescriptions from seven other provinces. They are written by out-of-province prescribers or include patient receipts for medications purchased out of province and submitted to and processed by the Drug Plan.

As also shown in **Figure 3**, in Saskatchewan, each of these health care professionals belong to a professional body. The bodies are the College of Physicians and Surgeons of Saskatchewan, the College of Dental Surgeons of Saskatchewan, and the Saskatchewan Registered Nurses Association. Pharmacists belong to the Saskatchewan College of Pharmacy Professionals.



The Ministry recognizes that, by law, each of these professional bodies are self-regulated, with responsibility to set and maintain standards of competency and conduct for its members.¹⁴ We found that the Ministry fully realizes that each body, and not the Ministry, is responsible for supervising their members and enforcing those standards by disciplining members who fail to adhere to them. Ministry staff noted they must be respectful of the role of these professional bodies when determining its opioid reduction strategy.

In addition, the Ministry showed appreciation for the role of post-secondary institutions in educating these health care professionals. It expected them to equip students with an understanding of the risks of opioid use, pain management, and treatment options other than opioids.

Furthermore, the Ministry acknowledged that many of its Saskatchewan health care professionals are trained elsewhere. Hence, it needed to be engaged at the national level. At February 2019, about 65% of physicians practicing in Saskatchewan were trained out of province.¹⁵

We found the Ministry's representatives were active members of various provincial and national groups that discussed opioid crisis actions, trends, and best practices. We found the Ministry used these meetings to keep up to date with concerns and practices across the country.

We also found the Ministry works with other provinces nationally. For example, a Ministry representative sits on the National Prescription Monitoring Program Network. This Network focuses on sharing information and experiences of monitoring prescribing practices in Canadian jurisdictions. Its purpose is to advise governments on prescription monitoring policies and strategies. This Network developed a document identifying best practices for prescribing monitoring programs, which the Ministry plans to incorporate into its Prescription Review Program (see **Figure 6**).

In addition, the Ministry works with the federal government. For example, in November 2018, the Government of Saskatchewan signed a bilateral agreement under the Government of Canada's Emergency Treatment Fund. This agreement will provide more than \$5 million in funding to the Ministry from the Government of Canada to improve access to treatment for people with substance abuse disorders, including opioids.

Collaboration among governments and other agencies improves access to current practices aiming to reduce harm and deaths associated with opioid misuse, and helps to increase the opportunity for taking co-ordinated and complementary reduction strategies.

4.2 Key Data Generally Collected and Tracked

The Ministry tracks, on an ongoing basis, key information about prescribed opioids dispensed in Saskatchewan other than prescribed opioids dispensed in Saskatchewan hospitals.

¹⁴ A self-regulating professional body is responsible for protecting the public interest from harm caused by their members. Generally, it has the legal power to licence members to practice in specific areas, and the power to discipline them. It is responsible in setting educational, technical and ethical standards for its members.

¹⁵Ministry of Health Medical Services Branch, *Annual Statistical Report for 2017-18*, p.40.

As briefly described in **Figure 4**, the Ministry maintains the following two IT systems that contain information about drugs prescribed and dispensed in Saskatchewan.

- The drug claims system that it uses to administer the payments related to the Saskatchewan Drug Plan. Under the Saskatchewan Drug Plan, Saskatchewan residents with valid Saskatchewan health cards may be eligible to pay a reduced amount for prescription drugs.¹⁶

The drug claims system collects data on all prescriptions filled in Saskatchewan at pharmacies (other than in hospitals) for individuals with a valid Saskatchewan health number. For prescriptions filled in Saskatchewan pharmacies, information is sent directly to the provincial drug IT system in real time. For out-of-province pharmacies, information is recorded and transferred electronically to the provincial drug IT system hourly.

- The provincial drug IT system (called the Pharmaceutical Information Program or PIP) includes the medication profiles of Saskatchewan residents with prescriptions filled in pharmacies other than Saskatchewan hospitals. It also includes additional information about how to use a medication (direction of use). Information is recorded in real time.

Information in the Provincial drug IT system forms part of the drug information repository of Saskatchewan's provincial electronic health records (eHR) administered by eHealth Saskatchewan. Authorized users (e.g., physicians) can access patient medication profiles held in the provincial electronic health records through eHR Viewer or directly through the provincial drug IT system website.¹⁷

Figure 4—Brief Description of Ministry Drug-Related IT Systems

The drug claims system is used to administer the Saskatchewan Drug Plan.

When filling a prescription, pharmacists enter, online, the patient's health card number, prescribing physician, and the prescribed drug. The system automatically captures the related dispensing pharmacy and dispensing pharmacist when the pharmacist logs into the system.

Each day, information in this system is transferred electronically to the Prescription Review Program; information is not transferred in real time.

The system has built-in checks to pay only for drugs listed on the Saskatchewan formulary to an individual with a valid Saskatchewan health card. If the individual meets the criteria for drug plan coverage, the Ministry pays for part or all of the cost of drug being dispensed (e.g., some seniors 65 years or older are covered for eligible drug costs in excess of \$25 on each prescription).

The provincial drug IT system (called the Pharmaceutical Information Program or PIP) includes the medication profiles of Saskatchewan residents with prescriptions filled in Saskatchewan and certain out-of-province pharmacies (other than in Saskatchewan hospitals) and directions of use.

A medication profile contains a patient's health card number, name, address and history about each prescribed medication dispensed in Saskatchewan pharmacies.

The system includes a number of programmed edits designed to alert pharmacists of potential medication issues. For example, it alerts pharmacists of a dangerous combination of prescribed medications, or when individuals try to receive a partial fill for an opioid prescription early (e.g., try to receive another 30-day supply when the first 30-day supply was dispensed 10 days ago).

It prompts pharmacists to document in the system why it is appropriate to dispense a prescribed medication with an alert (e.g., checked with physician, dispensed early due to patient's loss of drugs). The written explanation becomes part of a patient's medication profile.

¹⁶ www.saskatchewan.ca/residents/health/prescription-drug-plans-and-health-coverage/extended-benefits-and-drug-plan/saskatchewan-drug-plan (12 April 2019).

¹⁷ The eHR Viewer allows users to view patient data over the Internet.



Information in this system is also accessible through Saskatchewan's electronic health records (eHR Viewer) or directly through the provincial drug IT system website.

Drug Information in eHR Viewer includes:

- Description: Medication information is displayed from the Pharmaceutical Information Program (PIP) for the previous 25 months
- Location: All Pharmacies
- Summary: 100% of all pharmacies; dispensed medication profile from PIP
- Additional information is also available such as drug allergies, pharmaceutical notes, and other medication information such as contraindications

eHR Viewer also includes laboratory results, immunization information, transcribed clinical documents, medical imaging reports, hospital visits, and chronic disease information.

Source: Adapted from data provided by the Ministry of Health.

The Ministry does not track or know the amount of drugs (including opioids) dispensed in Saskatchewan hospitals, including emergency rooms. Rather, each hospital in Saskatchewan uses its own IT system (e.g., BDM – pharmacy management system) to track medication prescribed to a patient.

Not having a complete medication profile (i.e., patient's full prescription history) increases the risk of opioid medications being inappropriately prescribed and dispensed. This could lead to serious side effects for patients (e.g., overdose of opioids).

1. We recommend the Ministry of Health assess the cost and benefit to patient safety of recording hospital-dispensed opioids in the provincial drug IT system.

Canadian Institute for Health Information (CIHI) public data includes the top six prescribed opioids according to the number of prescriptions dispensed, and general statistics related to the prescribing of opioids in Canada.¹⁸

The Office of the Chief Coroner of Saskatchewan tracks, and publicly reports on, the number of deaths in Saskatchewan by each type of opioid drug (e.g., oxycodone).

In addition, we found the Ministry routinely shares its information about opioid prescribing, and use (e.g., statistics on number of individuals who received prescribed opioids). For example, it shared data with the CIHI, a reputable national health research body. CIHI makes key statistics public.

The Ministry's website contains links to reports on opioid drug use made by the Office of the Chief Coroner of Saskatchewan and to national reports prepared by CIHI.

Maintaining and sharing reliable statistics on opioid use helps the Ministry to understand trends and determine reduction strategies. In addition, it allows the Ministry, other health care organizations, health care professional bodies, and the public to monitor opioid-related harms to individuals, their families, and society at large.

¹⁸ www.saskatchewan.ca/opioids#utm_campaign=q2_2015&utm_medium=short&utm_source=%2Fopioids (10 April 2019).

4.3 Broad Reduction Strategies for Reducing Prescribed Opioids

The Ministry has broad reduction strategies to reduce misuse of and addiction to prescribed opioids, but limited detailed action plans exist.

Its main strategies consist of:

- Supporting the education of health care providers about best practice in pain management, prescribing opioids, and identifying opioid misuse
- Helping self-regulated health care professional bodies protect the public through supporting a program to identify prescribers with inappropriate prescribing practices, and patients possibly misusing high-risk medications

These strategies are part of the Minister of Health's 2016 public commitments. The Ministry, along with all other provincial Ministers of Health, committed to take action to reduce the abuse and diversion of opioids. (See **Figure 5** for the 2016 Joint Statement of Actions).

Figure 5—Excerpt from November 19, 2016 First Ministers of Health Joint Statement of Actions

The Ministry of Health, Province of Saskatchewan commits to:

- *Continuing to provide data and financial support to the College of Physicians and Surgeons of Saskatchewan to operate the Prescription Review Program to reduce the abuse and diversion of opioids*
- *Continuing with the provincial Pharmaceutical Information Program to allow authorized health care professionals to electronically view current and past prescriptions of Saskatchewan residents*
- *Continuing to support the RxFiles, a Saskatchewan-based academic detailing program that provides ongoing education to health professionals on various aspects of drug therapy, including pain management and prescription misuse*
- *Continuing the work initiated in 2015 to provide training and Take Home Naloxone kits at no cost to eligible Saskatchewan residents in collaboration with regional health authorities*
- *Working with the provincial coroner's office to ensure the Saskatchewan Ministry of Health has up to date information on the number of opioid overdose deaths, and monitor for regions and populations where risk is increasing*
- *Increasing the number of locations across the province that provide the training and distribution of the Take Home Naloxone kits to individuals at risk of an opioid overdose*
- *Working with the Pharmacy Association of Saskatchewan to have Take Home Naloxone kits in retail pharmacies and to ensure that complementary training occurs in these situations.*

Source: www.canada.ca/en/health-canada/services/substance-use/problematic-prescription-drug-use/opioids/federal-actions.html (17 November 2018).

In addition, in 2016, the Ministry created the Saskatchewan Drug Task Force. We noted the focus of the Task Force does not include reducing misuse and addiction to prescribed opioids.

Not having detailed action plans about reducing misuse of and addiction to prescribed opioids increases the risk of being unsuccessful in reducing prescribed opioid misuse and subsequent addiction. See **Recommendation 5** about determining whether the



Prescription Review Program is helping to reduce prescribed opioid misuse in the province.

4.4 Education Programming About Opioids Ongoing

The Ministry directly supports educating health care professionals about opioids.

Since 1997, the Ministry provided funding for a project called the RxFiles Academic Detailing Program (RxFiles Program). This Program provides objective, current, and unbiased drug information to physicians, in order to enhance patient care, and to communicate the effectiveness, safety, and cost of drug therapies for optimal decision making by health professionals.¹⁹ As of February 2019, the Ministry gave the Program nearly \$470,000 per year under a two-year agreement expiring in March 2020.

Ministry officials use its membership on an advisory committee for the RxFiles Program to reinforce the importance of providing education in prescribing opioids, and on pain management and treatment.

We found the RxFiles Program was active in developing educational materials about opioids for practitioners in Saskatchewan, and providing either one-on-one or group education sessions on current health issues that included topics about opioids. For example, in 2017 and 2018, RxFiles Program:

- Sent its published materials to every physician in the province with an invitation to contact RxFiles for educational sessions. Its published materials included guidance on prescribing opioids and reducing opioid doses for patients
- Provided educational sessions about opioids to nearly 550 prescribers (e.g., physicians, nurse practitioners) and 100 non-prescribers (e.g., pharmacists)
- Presented at various professional conferences (e.g., orientation for new physicians in the province) with about 325 physicians in attendance
- Published all resources on its website²⁰

In addition, the Ministry participates on an Opioid Stakeholder Group. This Group consists of representatives from the Ministry, health care professional bodies (e.g., College of Physicians and Surgeons of Saskatchewan, College of Pharmacy Professionals), and provincial agencies (e.g., Saskatchewan Health Authority, Saskatchewan Cancer Agency, Office of the Chief Coroner of Saskatchewan).

We found the Group met quarterly to share information on actions taken to address the opioid crisis in Saskatchewan (e.g., opioid harm reduction strategies, educating Saskatchewan practitioners).

Furthermore, the Ministry included an educational component to the Prescription Review Program (see **Figure 6**).

¹⁹ Agreement between the Minister of Health and University of Saskatchewan for RxFiles Academic Detailing Program effective for February 15, 2018 to March 31, 2020.

²⁰ www.rxfiles.ca (04 February 2019).

Providing relevant ongoing education helps to support practitioners in providing appropriate treatment and to avoid prescribing high-risk doses of opioids.

4.5 Drug Formulary Regularly Reviewed

The Ministry routinely reviews the drugs, including opioids, on the Saskatchewan formulary.

The Saskatchewan formulary lists the type and strength of drugs eligible for which the Ministry pays under the Saskatchewan Drug Plan. The goal of the formulary is to list a range and variety of drugs that will enable prescribers to select an effective course of therapy for most patients.²¹ In 2017-18, the Ministry of Health paid \$385.4 million in drug plan and extended health benefits, including benefits for prescribed opioids.

Consistent with good practice, the Ministry has an appointed Drug Advisory Committee of Saskatchewan responsible for recommending to the Minister of Health additions or deletions of drugs from the formulary. The Committee is comprised of 13 members with expertise in the areas of medicine and pharmacy. It meets 10 times a year. Its evaluation process includes ongoing consideration as to which prescribed opioids the Ministry should pay for, and in which dosage and quantity.

The Ministry evaluates drugs (strength and form, e.g., tablets) to determine therapeutic value, cost-effectiveness, and patient impact in comparison to accepted therapy. The Ministry considers only drugs approved by Health Canada.

We found opioid drugs eligible for a given prescription on the formulary are approved by Health Canada, and permitted under *The Controlled Drugs and Substances Act*.

Properly controlling the dosage and quantities of prescribed opioids can help reduce their misuse.

4.6 Reconsideration for Scope of Monitoring Needed

The Ministry has not considered whether the scope of its monitoring activities is sufficient to reduce inappropriate prescribing and dispensing of opioids, and its misuse.

The Ministry's sole monitoring activity is supporting the Prescription Review Program (see **Figure 6**); it has done so since 1988.

Figure 6—Services to be Provided by the College as Part of the Prescription Review Program

The Prescription Review Program is an educationally-based program that monitors for inappropriate prescribing and inappropriate use of a panel of monitored prescription drugs. The principal participants in the Program are the College of Physicians and Surgeons of Saskatchewan (the College), the College of Dental Surgeons of Saskatchewan, the Saskatchewan College of Pharmacists [now called the Saskatchewan College of Pharmacy Professionals] and the Government of Saskatchewan. Each provide funding for the Prescription Review Program with the Ministry of Health providing about 90% of funding. An additional stakeholder is the Saskatchewan Registered Nurses Association.

²¹ www.formulary.drugplan.health.gov.sk.ca/PDFs/PREFACE_Updated_March_1_2017.pdf (28 February 2019).



The College is to provide the following services as part of the Prescription Review Program:

- Generate and review prescription information to attempt to identify possible misuse of medication(s) by patients or inappropriate prescribing by provider groups (e.g., physicians, dentists, nurses)
- Generate prescriber, patient, and pharmacy profiles relevant to the panel of monitored prescription drugs
- Issue initial alert letter to providers where data suggests inappropriate use of medication(s) by patients, or provide the information to a provider's regulatory body to allow that regulatory body to provide such alert letters
- Generate statistics and reports relevant to the panel of monitored prescription drugs

The College will:

- Engage and utilize only suitable and qualified personnel;
- Obtain all licences, approvals or permits which may be required; and
- Comply with all applicable laws, regulations, bylaws or codes

Source: Agreement between the Ministry of Health and College of Physicians and Surgeons of Saskatchewan, April 1, 2015 to March 31, 2019.

We found the scope of the Prescription Review Program does not include monitoring of all prescribed opioids, and focuses on prescribing with limited attention given to dispensing.

As noted in **Figure 5**, in 2016, the Ministry committed to continuing to provide data and financial support to the College of Physicians and Surgeons of Saskatchewan to operate the Prescription Review Program to reduce the abuse and diversion of opioids. See **Figure 6** for the Prescription Review Program services to be provided by the College.

Our review of the Program found it is an educationally-based program, which monitors for inappropriate prescribing and inappropriate use of a panel of monitored prescription drugs. The College of Physicians and Surgeons of Saskatchewan sets out the panel of monitored drugs in the College's Regulatory Bylaws.

Our review of the panel of monitored prescription drugs found that it appropriately focuses primarily on opioids. The panel lists 31 drugs of which 19 are opioids. See **Section 5.0** for opioids included in the panel. The opioids listed in the panel are controlled drugs under the federal *Controlled Drugs and Substances Act*.

Not All Prescribed Opioids Monitored

We found the panel of monitored drugs was not up to date or complete. We found the panel of monitored prescription drugs referred to in the Ministry's Prescription Review Program agreement:

- Does not include five controlled opioid medications listed in the federal Act. For example, it does not include heroin, sufentanil, or remifentanil. These opioids are rarely prescribed in Saskatchewan, but have a high risk of overdose or addiction.
- Does not include opioids monitored by certain other provinces. For example, it does not list the opioid tramadol, which can cause addiction, overdose and death.²² We noted four Canadian jurisdictions monitor prescribing and dispensing of

²² Tramadol is a synthetic opioid drug, and, as a narcotic painkiller, has potential for abuse and can be dangerous in large doses.

tramadol.²³ Health Canada gave notice in June 2018 that it intends to add tramadol to the controlled opioid medications listed in the federal Act.

We determined, based on the Ministry's records, for the 12-month period ending February 2019, about five percent of the total number of prescribed opioids were for tramadol medications (i.e., 45,854 tramadol prescriptions dispensed to 16,483 Saskatchewan residents).²⁴

The College must amend its regulatory bylaws to change the panel of monitored drugs. Per section 88 of *The Medical Professions Act, 1981*, the Ministry must approve these bylaw changes.

We further found the Ministry has not asked the College to keep the panel of monitored prescription drugs up to date. Rather, the Ministry and principal Program participants meet on an ad hoc basis to discuss the panel of monitored drugs. The College last updated the panel in 2012. This is before the Ministry's 2016 commitment to take action to reduce opioid abuse and misuse.

Good practice involves the use of a broad-based advisory committee when deciding which prescribed drugs to monitor. Good practice also expects regular review (e.g., one to two years) of the list to keep it up to date.²⁵

Not monitoring all opioids that are, or can be, associated with misuse and addiction increases the risk of undetected misuse and inappropriate opioid prescribing.

2. We recommend the Ministry of Health participate in a regular review of the list of opioid drugs associated with misuse and addiction that it wants monitored.

Limited Monitoring on the Dispensing of Prescribed Opioids

The Ministry does little to monitor dispensing of opioids by pharmacies. It does not have a risk-based process to check if pharmacists are dispensing opioids in a manner that could lead to misuse or addiction.

As of February 2019, over 385 different pharmacies operate in Saskatchewan.²⁶ Saskatchewan has just over 1,900 pharmacists and 270 pharmacy technicians.²⁷

²³ The four jurisdictions include Alberta, New Brunswick, Ontario, and Newfoundland and Labrador.

²⁴ Saskatchewan formulary does not include tramadol, so it is not part of the Saskatchewan Drug Plan.

²⁵ Canadian Centre on Substance Abuse, *Prescription Monitoring Programs in Canada: Best Practice and Program Review*, 2015, p.1.

²⁶ This does not include pharmacies operating within Saskatchewan hospitals. It includes pharmacies in the communities bordering Saskatchewan (e.g., Lloydminster, Alberta; Swan River, Manitoba).

²⁷ As of December 13, 2018, there were 385 community pharmacies in Saskatchewan and a total of 2,178 members; 1,908 pharmacists and 270 pharmacy technicians. (Saskatchewan College of Pharmacy Professionals, *SCOPE newsletter*, January 2019, p. 3).



The Ministry has an agreement with each of these pharmacies requiring them to do the following:

- Dispense drugs based on a valid prescription after viewing a valid prescription and the patient's valid Saskatchewan health card
- Collect payment amounts for drugs to Saskatchewan residents consistent with rates set out under the Saskatchewan Drug Plan
- Enter information on drugs dispensed into the Ministry's drug claims system
- Keep a copy of the written prescription for at least two years

Each of the agreements give the Ministry the right to conduct inspections.

As shown in **Figure 6**, the Prescription Review Program focuses on inappropriate prescribing, and, where issues are identified, it follows up with prescribers, as necessary. Given the self-regulatory nature of professions involved, the Ministry cannot expect the Program to assess the dispensing practices of pharmacists. Rather, the Ministry asks the Program to inform the College of Pharmacy Professionals when it finds a potential misuse of opioids.

We found the Ministry does not check whether a pharmacy records all prescribed drugs dispensed in the drug claims system, and records details accurately as required under the pharmacist agreements.

In addition, it does not collect or analyze data to determine whether pharmacies are dispensing opioids appropriately. For example, it does not obtain details from the Prescription Review Program on potential misuse of opioids related to dispensing reported to the Saskatchewan College of Pharmacy Professionals. In addition, it could obtain the detailed results of inspections of Saskatchewan pharmacies done by Health Canada each year.

In 2017-18, Health Canada inspected 11 Saskatchewan pharmacies to assess compliance with *The Controlled Drugs and Substances Act and Regulations*. It published on its website common deficiencies by region (e.g., Western Canada). Western Canada regional deficiencies included incomplete and inaccurate inventory records, insecure storage of controlled substances, and inaccurately dispensing drugs as prescribed (over-dispensing).

Because the Ministry does not collect data about dispensing practices in Saskatchewan pharmacies, the Ministry does not know if any Saskatchewan pharmacies contribute to Saskatchewan's opioid crisis. Not having a risk-based process to consider if Saskatchewan pharmacies consistently and properly dispense opioids could lead to the Ministry missing potential opioid misuse, and opportunities to reduce misuse.

3. We recommend the Ministry of Health establish a risk-based approach to identify concerns in opioid dispensing in Saskatchewan pharmacies.

4.7 Expectations of Prescribers to Check Patient Medication Profiles Inconsistent With Others

The Ministry of Health has not worked with health care professional bodies of key prescribers of opioids to encourage them to require checking of patient medication profiles prior to prescribing high-risk medications like opioids.^{28,29} Such checks may help better identify potential opioid misuse prior to issuing a prescription, and encourage the use of other treatment options.

As shown in **Figure 3**, physicians prescribe almost all prescribed opioids in Saskatchewan.

We found the expectations of the College of Physicians and Surgeons of Saskatchewan (the physicians' regulatory body) regarding checking medication profiles before dispensing high-risk medications differ from some of their Canadian counterparts, and from the Saskatchewan College of Pharmacy Professionals.

The College of Physicians and Surgeons of Saskatchewan does not require physicians to check patients' medication profiles prior to prescribing high-risk medications like opioids. The College informed us it has a working group that is discussing mandatory education for physicians prescribing opioids, and mandatory use of the provincial drug IT system or eHR Viewer.

We found the Colleges of Physicians and Surgeons in Alberta and British Columbia require physicians to review patient medication history before prescribing high-risk medications such as opioids.^{30,31} In addition, Alberta requires physicians to review a patient's medication profile before renewing opioid prescriptions, and to periodically check patient profiles when a prescription is for long-term opioid treatment.

The Saskatchewan College of Pharmacy Professionals requires pharmacists, as one of many steps before dispensing a prescribed drug, to consult the patient's medication profile for the following reasons:

- Confirm there are no contraindications or allergies to the prescribed drug
- Confirm there are no incompatibilities with the prescribed drug and:
 - other prescription or non-prescription drugs the patient may be taking
 - foods
 - disease states or medical conditions
- Determine the patient's utilization pattern³²

Pharmacists do this through the provincial drug IT system.

²⁸ Patient medication profiles can be found in the provincial drug IT system or through the eHR Viewer in the Electronic Health Record.

²⁹ Professional bodies of prescribers include the College of Physicians and Surgeons of Saskatchewan, the College of Dental Surgeons of Saskatchewan, and the Saskatchewan Registered Nurses Association.

³⁰ College of Physicians and Surgeons of Alberta Standard of Practice Prescribing: *Drugs Associated With Substance Use Disorders Or Substance-Related Harm*. www.cpsa.ca/standardspractice/prescribing-drugs-misuse-diversion/ (14 April 2019)

³¹ College of Physicians and Surgeons of British Columbia Practice Standard – *Safe Prescribing of Opioids and Sedatives*. www.cpsbc.ca/files/pdf/PSG-Safe-Prescribing.pdf (14 April 2019).

³² Saskatchewan College of Pharmacy Professionals *Reference Manual*, Appendix A.



Our understanding is these are the same reasons as to why the Colleges of Physicians and Surgeons in Alberta and British Columbia require physicians to review patient medication history before prescribing high-risk medications.

Checking the medication profile of a patient prior to prescribing opioids may help prescribers better identify patients at risk of misusing opioids, and reduce the risk of patients double-doctoring (that is, obtaining the opioid prescriptions from multiple doctors).

Professional bodies of key prescribers are responsible for setting the standards of practice for their members.

- 4. We recommend the Ministry of Health work with the College of Physicians and Surgeons of Saskatchewan to consider requiring its members to review patient medication profiles prior to prescribing opioids.**

4.8 Better Monitoring of the Prescription Review Program Needed

The Ministry does not actively monitor the Prescription Review Program.

The Prescription Review Program predates the opioid crisis. Since 1988, the Ministry has given the College of Physicians and Surgeons of Saskatchewan financial support for the Prescription Review Program. The Ministry funds the Program at a cost of about \$276,000 annually (this is about 90% of total Program costs). It enters into short-term agreements (e.g., three to four years) with the College. Each agreement sets out the purpose of the Program, and general activities it expects the Program to include. (See **Figure 6** for a brief summary of the Program). Typically, the agreement does not contain continuance clauses.

We noted the stated purpose of the Program and general activities have not changed significantly since its inception.

We also noted, from time-to-time, the Ministry extends the agreement for one-year intervals before renewing or evaluating it. For example, in April 2019, the Ministry plans to extend the April 1, 2015 to March 31, 2019 agreement until March 2020. The Ministry was unable to demonstrate when it last evaluated whether the Program was making a difference in helping participating health care professional bodies educate and/or discipline members with inappropriate prescribing practices or those contributing to misuse of prescribed opioids.

We further found that the agreement, in place at February 2019, included limited monitoring and reporting provisions. Monitoring and reporting provisions included requiring the College to submit audited annual financial statements; and the Ministry having full access to Program records, the right to request additional Program information, and the right to inspect/evaluate records. The agreement does not include a dispute resolution mechanism.

We found in practice that the Ministry did not request much additional information. Rather, it used its involvement on the quarterly Opioid Stakeholder Group, and periodic meetings with the Program to obtain insight on the Program's activities.

We also found the Program's *2017 Annual Report* (received in conjunction with the annual audited financial statements) did not show whether the Program achieves its purpose. The Report contains some information on the activities set out in the Agreement (e.g., number of alert letters sent) (See **Figure 8**). As of mid-April 2019, the Ministry had not received the Program's 2018 annual report.

Obtaining regular (e.g., each quarter) information about key Program activities would give the Ministry a sense of the number and nature of potential opioid misuse cases that exist in the province. In addition, actively monitoring the Program would help the Ministry show that Program funding is spent for the intended purposes. In addition, it would help the Ministry determine whether it is doing enough to reduce prescribed opioid misuse.

5. We recommend the Ministry of Health determine whether the Prescription Review Program is helping reduce the misuse of prescribed opioids in Saskatchewan.

4.9 Access to Broader Patient Information Needed to Support an Effective Prescription Review Program Analysis

The Ministry has not given the Prescription Review Program access to sufficient information to enable efficient identification of potential opioid misuse and inappropriate prescribing practices.

As part of its 2016 public commitments, the Ministry committed to continuing to provide data to the College of Physicians and Surgeons of Saskatchewan to operate the Prescription Review Program to reduce the abuse and diversion of opioids. (See **Figure 5** for the 2016 Joint Statement of Actions).

The Prescription Review Program has access to information in the drug claims system (see **Figure 4**). This includes a patient's name and health card number, prescriber's name and licence number, and details about the dispensed prescription (prescription number, date filled, drug identification number, quantity of drug, dose).

The Program does not have access to the information in the provincial drug IT system, which includes additional information (e.g., direction of use, patient address). Direction of use includes information such as how many tablets to take per morning and evening.

The Program could use the additional information to more efficiently identify potential inappropriate prescribing practices and opioid misuse. For example, having information about the direction of use for a prescribed opioid, and directed frequency of partial-fills would reduce the need for the Program to call the dispensing pharmacy to obtain these details. In addition, having patient addresses would help the Program assess possible opioid misuse by other members of a patient's household.



We note the Ministry, through eHealth Saskatchewan, provides authorized health care practitioners online access to the provincial drug IT system. We encourage it to provide the Program with similar access.

Not providing the Prescription Review Program with access to complete patient information related to use of medications increases the risk of not identifying potential opioid misuse and inappropriate prescribing practices. Identification of prescribers with inappropriate prescribing practices provides the related self-regulated health care professional body with information enabling them to take appropriate steps to protect the public.

- 6. We recommend the Ministry of Health give those responsible for monitoring inappropriate opioid prescribing access to necessary patient information.**

4.10 Reasonable Criteria Used in the Prescription Review Program to Identify Potential Opioid Misuse

The Prescription Review Program uses criteria to identify potential opioid misuse that aligns with good practice.³³ It refers to this criterion as questionable activity criteria.

For example, the questionable activity criteria is appropriately designed to look for:

- Prescribing doses consistently higher or lower than recommended doses for different types of opioids
- Prescribing of opioids in excessive quantities
- Repeatedly prescribing large quantities of immediate-release opioids with/without the use of a sustained-release preparation³⁴
- Potentially addicted individuals and/or those receiving multiple prescriptions for commonly misused drugs from multiple prescribers and/or pharmacies – also known as double-doctoring³⁵

Having criteria align with good practice increases the likelihood of detecting potential opioid misuse and inappropriate prescribing practices.

³³ www.samhsa.gov/capt/sites/default/files/resources/pdmp-overview.pdf (20 November 2018).

³⁴ Sustained-release preparations slowly releases opioids into the human body. For example, the duration for controlled releases for morphine and codeine is up to 12 hours.

³⁵ Double-doctoring is when a patient received opioids from three or more physicians, at three different practice site addresses in a calendar month.

4.11 Prescription Review Program Personnel Properly Qualified

The Prescription Review Program uses properly qualified personnel to carry out its monitoring and educational activities.

As shown in **Figure 6**, the Ministry requires the College of Physicians and Surgeons of Saskatchewan to engage and utilize only suitable and qualified personnel.

The Program has about three full-time equivalent positions employed by the College. They include a Manager, Analyst, Administrative Assistant and one part-time contract position.

We found the positions are appropriately filled with qualified staff – the Manager and contract positions were staffed by pharmacists, and the Analyst position was staffed with a pharmacy technician.

Having staff with appropriate qualifications and the ability to assess potential opioid misuse increases the likelihood of detecting potential misuse and inappropriate prescribing practices.

4.12 Prescription Review Program Not Identifying Potential Opioid Misuse—IT Solution Under Development

The Prescription Review Program does not use a systematic IT approach to analyze prescription data when trying to identify potential misuse of drugs and inappropriate prescribing practices.

We noted the limited functionality of the Ministry-owned data extraction tool that the Program uses made analysis of prescription data challenging and time-consuming.

The Program initiated assessments of suspect opioid prescribing based on complaints made to the College of potential opioid misuse, inappropriate prescribing practices, or when it identified a potential issue in its own analysis. The Program used the questionable activity criteria in its analysis (see **Section 4.10**). To apply the questionable activity criteria, the Program manually cross-referenced the information from various reports. It analyzed all of a patient's prescriptions by drug type. The Program manually maintained a listing of prescribers of whose prescribing practices it closely monitored (monitoring list).

The Program was fully aware of the limitations of the data extraction tool, and inefficiencies in its approach. It recognized that its monitoring list of about 20 prescribers was likely incomplete. The Program also recognized that it was not likely identifying all instances of double-doctoring. It noted that since late 2017, the Program stopped using the data extraction tool to identify potential double-doctoring, as the tool's results were unreliable. Since then, the Program identified double-doctoring through its manual assessments. The Program identified about 60 cases of double-doctoring in 2018 (see **Figure 8**).



Our analysis supported these acknowledgments.

Our analysis of the top five prescribers in the province for the three most prescribed opioids (hydromorphone, oxycodone and methadone) found:

- Seven of 15 prescribers were not on the Program’s monitoring list
 - For three of these prescribers, the Program had some correspondence with each in 2018
 - For four of these prescribers, we agreed with the Program’s assessment of no concerns with prescribing practices (e.g., prescribing an opioid to a cancer patient, prescribing opioids for treating opioid addiction)
- Eight of the 15 prescribers were on the Program’s monitoring list

Our review of opioids dispensed in 2018 found an example of double-doctoring that the Program had not identified. As shown in **Figure 7**, one patient received nine prescriptions from three different prescribers for three different opioids within 13 days in January 2018, and filled them in one pharmacy.

Figure 7—Auditor Identified Example of Double-Doctoring for One Patient in January 2018

Date filled	Generic opioid name	Total days’ supply	Prescriber
2018-01-15	Fentanyl	5	Prescriber #1
2018-01-15	Methadone	7	Prescriber #2
2018-01-16	Hydromorphone	17	Prescriber #3
2018-01-16	Hydromorphone	30	Prescriber #3
2018-01-19	Hydromorphone	30	Prescriber #3
2018-01-19	Methadone	7	Prescriber #2
2018-01-21	Fentanyl	5	Prescriber #1
2018-01-26	Methadone	7	Prescriber #2
2018-01-28	Fentanyl	5	Prescriber #1

Source: Provincial Auditor of Saskatchewan based on data provided by the Ministry of Health.

To improve its ability to analyze the prescription information, the Program collaborated with the Ministry and eHealth Saskatchewan to develop a new Ministry-owned IT system to analyze prescription data. The Program began testing the new IT system in August 2018.

As of April 2019, the Program started to use the new system to analyze data, and was optimistic the system would make its analysis more efficient and effective. However, it noted the system was not yet fully functioning.

Providing the Prescription Review Program with an IT system that supports improved and efficient identification and analysis of prescription drugs would contribute to the discovery of inappropriate prescribing practices and misuse of prescription drugs. Identification is the first step in addressing inappropriate prescribing practices either through education, or to enable the related self-regulated health care professional body to determine if disciplinary action is warranted (e.g., restrictions of practice).

7. We recommend the Ministry of Health give those responsible for monitoring inappropriate opioid prescribing a functional IT system useful in identifying potentially inappropriate prescribing practices and opioid misuse.

4.13 Standard Review Program Letters Used

The Program uses standard templates for letters to communicate with a relevant prescriber (i.e., physician) about what it identified as potentially inappropriate prescribing practices or misuse, and outlines steps it expects the prescriber to take. For example, the Program expects prescribers advise it of the accuracy of the prescription written, and answer the Program's questions within 14 days of receipt of its letter.³⁶

See **Figure 8** for the number of letters by type sent in 2017 and 2018.

Figure 8—Standard Letters Sent by the Prescription Review Program

Letter Type	Purpose of Letter	Count	
		2017	2018
Explain (first contact)	'Explain' letters sent to physicians to request their rationale for prescribing (e.g., provide the medical indication and dosing)	528	128
Alert	'Alert' letters are sent to physicians when a patient is identified as potentially misusing his/ her medications		113
Second Request	Sent if a physician did not respond to explain letter within 14 days	40	11
Response/ Recommendations	Sent to a physician with response to explain/alert letter to set out recommended educational resources, and recommended educational actions	288	130
Double-Doctor	Sent when a patient received opioids from three or more physicians, at three different practice site addresses in a calendar month	6,002	60 ^A
Law Enforcement Requests	Sent to law enforcement to provide a patient's medication profile for the purpose of an active investigation	79	55

Source: College of Physicians and Surgeons of Saskatchewan, *Prescription Review Program Annual Report 2017*, p. 27 for 2017; The College of Physicians and Surgeons of Saskatchewan records for 2018.

^A60 alert letters were sent in 2018 for potential double-doctoring situations instead of automatically generated double-doctoring letters. The Program discontinued the automatically generated letters as most did not reflect a true double-doctoring situation.

For each of the 11 assessments we tested, where a letter was sent to a prescriber (called explain/alert letters in **Figure 8**), the Program used the appropriate standard template letters when communicating with a prescriber.

Using standard templates to communicate with prescribers regarding potential opioid misuse increases the likelihood of the prescriber understanding what they are being asked, and improves the chances of the prescriber's response, if required, in being accurate and complete.

³⁶ College of Physicians and Surgeons of Saskatchewan, *Prescription Review Program Annual Report 2017*, pp. 4-5.



4.14 Prescription Review Program Advises Professional Body of Concerns Regarding Physicians

The Program consistently advises the relevant health care professional body of the prescriber (and if relevant, the dispenser) of identified instances of potentially inappropriately prescribing or dispensing of opioids or other monitored drugs.³⁷

In 2018, the Program submitted nine cases of inappropriate prescribing of opioids or other monitored prescription drugs to the College of Physicians and Surgeons of Saskatchewan for further review. In addition, the College had three ongoing cases carried over from 2017.

Our discussion with the College found it had reviewed all submitted cases and determined next steps. It noted steps included restricting prescribing abilities of a physician, further assessment, or formal investigation.

The Program realizes each health care professional body is responsible for supervising its members, and enforces those standards by disciplining members who fail to adhere to them.

4.15 Improvements Needed in Delivering the Prescription Review Program

The Program inconsistently follows its processes, or documents its activities. The Ministry does not receive reporting on the Program's activities to sufficiently monitor the Program.

We found the following:

- The Program does not track the number of assessments it completes each year on potential opioid misuse, or the nature of assessments completed (e.g., type of opioids prescribed, dangerous combinations of prescribed medications, number of over prescribed or dosages of opioids). It does not document completed assessments where it has not identified concerns.

Not tracking the nature and extent of completed assessments makes it difficult to determine the appropriate level of staffing necessary to carry out the Program's monitoring activities.

- The Program did not consistently notify practitioners of identified potential opioid misuse within a reasonable timeframe. Between April to December 2018, the Program identified 150 cases of potentially inappropriate prescribing practices, but, as of March 2019, had not sent the explain letters because Program management had not yet reviewed them to decide if a letter was warranted. During 2018, the Program also experienced a number of staffing changes.

Failing to promptly notify practitioners with potential concerns about prescribing opioids increases the risk of prescribers continuing inappropriate prescribing

³⁷ Health care professional bodies are Saskatchewan College of Pharmacy Professionals, College of Physicians and Surgeons of Saskatchewan, College of Dental Surgeons of Saskatchewan, the Saskatchewan Registered Nurses Association.

practices that cause potential harm to patients. The Ministry was unaware of the delay.

- For all 11 assessments where explain letters were sent to prescribers about particular patients we tested, the Program did not document whether it checked the patient's medication profile for changes in prescribing patterns after the Program sent the letter. In addition, five of 11 patients changed prescribers since the Program sent the explain letter. For all five patients, the potential of prescribed opioid misuse was still concerning but there was no evidence that the Program followed up with the new prescribers.
- Only half of physicians who were sent an explain letter in 2018 received an educational letter with recommendations to improve prescribing practices.

To achieve the educational component of the Program, the Program assesses the reasonableness of physician responses to its explain letters and, if required, sends an educational letter outlining educational support and/or information, as well as recommendations about appropriate prescribing practices.³⁸

Failing to provide education to individual prescribers is inconsistent with the purpose of the Program. It increases the risk that practitioners may continue to provide inappropriate treatment and prescribe high-risk doses of opioids.

- After December 2018, the Program discontinued centrally listing patients to monitor based on whether their physicians changed prescribing practices following the Program's correspondence with the prescribing physician. Beforehand, the monitoring occurred three to four months after alert letters were sent. This listing was discontinued due to a position vacancy.

For all 11 assessments we tested, the Program documented its communication with practitioners about a patient's prescriptions (e.g., date alert letter sent to a physician, or date the Program contacted a pharmacy to gather more information). However, the Program did not document its follow-up on whether a practitioner's prescribing practices changed after the receipt of the Program's correspondence.

- The Program does not keep track of the number, or nature, of identified potential misuse cases that it reported to the health care professional bodies for dentists, nurse practitioners, or pharmacists. Dentists and nurse practitioners prescribe only a small amount of opioids each year (see **Figure 3**). However, pharmacists are involved in all prescribed opioids dispensed.

Information on the number and nature of potential opioid misuse cases reported to the health care professional bodies will give the Ministry a sense of the magnitude of concerns identified by the Program.

- The Program does not track the number, or specific nature, of complaints of potential opioid misuse or inappropriate prescribing practices received from the public or practitioners. However, it centrally tracks the receipt of law enforcement reports.

³⁸ College of Physicians and Surgeons of Saskatchewan, *Prescription Review Program Annual Report 2017*, pp. 4-5.



As a result, the Program does not know whether it appropriately followed up on complaints received, and whether it did so within a reasonable time-period.

Inconsistently following established practices and not documenting key activities increases the risk the Program is not fulfilling its responsibilities. It also increases the risk the Ministry will not know the number and nature of potential opioid misuse cases that exist in the province.

5.0 LIST OF OPIOIDS MONITORED BY THE PRESCRIPTION REVIEW PROGRAM

Generic Name of the Monitored Prescription Opioid Drug	Dosage
Acetaminophen with codeine	In all dosage forms <u>except</u> those containing 8 mg or less of codeine
Acetylsalicylic acid (asa) with codeine	In all dosage forms <u>except</u> those containing 8 mg or less of codeine
Anileridine	In all dosage forms
Buprenorphine	In all dosages forms
Butalbital with codeine	In all dosage forms
Codeine	As the single active ingredient, or in combination with other active ingredients, in all dosage forms <u>except</u> those containing 20 mg per 30 ml or less of codeine in liquid for oral administration
Fentanyl	In all dosage forms
Hydrocodone – dihydrocodeinone	In all dosage forms
Hydromorphone – diphhydromorphone	In all dosage forms
Levorphanol	In all dosage forms
Meperidine – pethidine	In all dosage forms
Methadone	In all dosage forms
Morphine	In all dosage forms
Normethandone-p-hydroxyephedrine	In all dosage forms
Oxycodone	As the single active ingredient or in combination with other active ingredients in all dosage forms
Oxymorphone	In all dosage forms
Pantopon	In all dosage forms
Pentazocine	In all dosage forms
Propoxyphene	In all dosage forms

6.0 SELECTED REFERENCES

Canadian Centre on Substance Abuse. (2015). *Prescription Monitoring Programs in Canada: Best Practice and Program Review*. Ottawa: Author.

College of Physicians and Surgeons of Saskatchewan. (Last updated February 2019). *Regulatory Bylaws for Medical Practice in Saskatchewan*. Saskatoon: Author.

Health Canada. (2019). *Community Pharmacy Inspection Program Annual Report, Fiscal Year 2017-2018*. Ottawa: Author.

Louisiana Legislative Auditor. (2018). *Oversight of the Prescription Monitoring Program Louisiana Board of Pharmacy*. Baton Rouge: Author.

National Alliance for Model State Drugs. (2015). *Components of a Strong Prescription Monitoring Program*. Charlottesville: Author.

Office of the Auditor General of Nova Scotia. (2012). *Report of the Auditor General, May 2012, Health and Wellness: Nova Scotia Prescription Monitoring Program*. Halifax: Author.

Provincial Auditor of Saskatchewan. (2017). *2017 Report – Volume 1, Chapter 6, Health—Detecting Inappropriate Physician Payments*. Regina: Author.

Provincial Auditor of Saskatchewan. (2017). *2017 Report – Volume 1, Chapter 12 Saskatoon Regional Health Authority—Overseeing Contracted Special-Care Homes*. Regina: Author.

Chapter 8

Northern Lights School Division No. 113—Purchasing Goods and Services

1.0 MAIN POINTS

Northern Lights School Division No. 113 purchases various goods and services to deliver educational services to students in northern Saskatchewan. In 2017-18, the Division bought almost \$26 million of goods and services.

This chapter sets out the results of our audit on the Division's processes to purchase goods and services.

At November 2018, the Division did not have effective processes to purchase goods and services.

The Division needs to better align its purchasing requirements with good purchasing practices. This includes setting requirements over the use of purchasing methods (i.e., single or sole source, request for quotes, request for tenders), requiring staff involved with purchases to declare real or perceived conflicts of interest, recognizing requirements of applicable external trade agreements, and improving its guidelines for purchase cards.

To mitigate possible financial, legal, and reputational risks to the organization, the Board of Education needs to approve the Division's key purchasing policies. The Division can also mitigate these risks by assessing the robustness of its service contract and purchase order templates, and finalizing contracts before receiving goods and services. In addition, by setting a standard amount of time for suppliers to submit responses to tenders, and consistently documenting its tender communications with potential suppliers, the Division can better demonstrate that it treats suppliers fairly and equitably.

We found the Division did not consistently adhere to its purchasing policy or purchase card guidelines. For example, almost 90% of the tenders we tested, the Division did not document its evaluation of the suppliers using the selection criteria it established for the tenders. Without documenting supplier evaluations when tendering, the Division cannot support its supplier decisions and demonstrate achievement of best value for purchasing decisions. When staff do not adhere to policy, there is increased risk of inappropriate transactions.

The Division does not separate incompatible purchasing duties (e.g., tendering, receipt of goods and services, approval of invoices for payment). Separating incompatible duties, and closely monitoring transactions where not feasible, would help the Division mitigate the risk of fraudulent transactions going undetected.

Finally, by keeping the supplier listing in its financial system up-to-date, the Division can mitigate the risk of duplicate or fraudulent payments and help monitor the existence of fictitious suppliers.

Strong processes to purchase goods and services supports transparency, fairness, and achievement of best value in purchasing activities.



2.0 INTRODUCTION

The Education Act, 1995 assigns boards of education of school divisions with the responsibility for administration and management of schools within their division, with oversight from the Ministry of Education. In addition, school boards must approve administrative procedures pertaining to the internal organization, management, and supervision of schools.¹

Northern Lights is a rural school division located in northern Saskatchewan serving predominantly a First Nations and Métis school population. The Division has 20 schools located in 17 communities.² It has almost 4,200 students, and a staff of about 630 full-time equivalent positions. Of these positions, 532 are teachers, principals and other educational staff (e.g., educational assistants, educational psychologists, speech language pathologists).³

Northern Lights buys various goods and services such as building maintenance, office supplies, learning resources (e.g., textbooks, library books, equipment), student transportation, and other supplies and materials necessary for course instruction, and to provide educational services. **Figure 1** shows the Division's purchases of goods and services from 2016 to 2018, and planned spending for 2018-19.

Figure 1 – Northern Lights Purchases from 2016 to 2018

	Budget ^A		Actual ^A	
	2018-19	2017-18	2016-17	2015-16
	(in millions)			
Instruction	\$ 4.18	\$ 4.57	\$ 4.79	\$ 4.98
Plant (e.g., operations and maintenance)	5.34	4.19	4.75	5.12
Tuition and Related Fees	4.50	4.21	4.37	3.52
Transportation	2.62	2.77	2.89	2.85
Complimentary Services	1.46	1.41	1.36	1.35
School Generated Funds	1.05	1.04	1.14	1.01
External Services	0.81	0.91	0.92	1.16
Administration	0.60	0.58	0.66	0.64
Governance	0.24	0.20	0.50	0.34
Other	_____0.03	_____1.87	_____0.18	_____0.58
Total Expenses	_____20.83	_____21.75	_____21.56	_____21.55
Purchases of tangible capital assets ^B	_____0.97	_____4.18	_____3.96	_____5.14
Total Expenditures	\$ _____21.80	\$ _____25.93	\$ _____25.52	\$ _____26.69

^A Source: Northern Lights' financial records for the fiscal year ended August 31.

^B Tangible Capital Assets include items such as buildings, vehicles, furniture and equipment, and computer hardware.

¹ Section 85 of *The Education Act, 1995*. By law, the Ministry must approve the purchase, construction, or alteration of buildings, as well as the requirement to tender capital items or transportation services exceeding thresholds set out in *The Education Regulations, 2015*.

² *Northern Lights School Division #113 Annual Report 2017-18*, p. 6.

³ *Ibid.*, pp. 25, 26.

Effective purchasing processes are transparent, fair, and achieve best value. These characteristics are especially important in northern Saskatchewan, where fewer suppliers are available to provide goods and services, and where authority to buy goods and services is decentralized (e.g., staff at schools, head office).

Not having effective purchasing processes increases the risk of not using public resources wisely and placing the Division's reputation at risk.

3.0 AUDIT CONCLUSION

We concluded that for the 12-month period ending November 30, 2018, Northern Lights School Division No. 113 did not have effective processes to purchase goods and services.

Northern Lights needs to:

- **Better align its purchasing requirements with good purchasing practices. This would include setting requirements over the use of purchasing methods (i.e., single or sole source, request for quotes, request for tenders); requiring staff involved with purchases to declare real or perceived conflicts of interest; recognizing the requirements of applicable external trade agreements; and improving its guidelines for purchase cards.**
- **Have its Board of Education approve the Division's key purchasing policies.**
- **Where possible, separate incompatible purchasing duties, and closely monitor transactions where it is not feasible.**
- **When tendering, document its evaluation of suppliers, set a standard minimum amount of time to allow suppliers to respond to tenders, and consistently document its tender communications with suppliers.**
- **Periodically assess the robustness of its service contract and purchase order templates, and finalize contracts before receiving goods and services.**
- **Keep the supplier listing in its financial system up to date.**

Figure 2—Audit Objective, Criteria, and Approach

Audit Objective: The objective of this audit is to assess the effectiveness of Northern Lights School Division No. 113's processes, for the 12-month ending November 30, 2018, to purchase goods and services

Audit Criteria:

Processes to:

- 1. Set policies for purchasing goods and services**
 - 1.1. Maintain approved and clear policies for purchasing goods and services and for monitoring and reporting on compliance
 - 1.2. Align policies with externally-imposed requirements (e.g., *New West Partnership Trade Agreement*,^A *Canadian Free Trade Agreement*,^B legislation)
 - 1.3. Keep staff and suppliers informed of purchasing policies



- 2. Define the need and specifications for required goods and services**
 - 2.1. Define the need in sufficient detail for suppliers' and agency's understanding
 - 2.2. Define specifications to encourage open and effective competition
 - 2.3. Specify other requirements (e.g., warranty, delivery, packaging, performance guarantees)
 - 2.4. Use specifications that align with relevant authorities (e.g., legislation, policies, agreements)
- 3. Treat potential suppliers equitably and fairly**
 - 3.1. Identify feasible sources of supply
 - 3.2. Document basis of sourcing decision (e.g., sole source, invited bid)
 - 3.3. Obtain appropriate authorization to initiate purchase (e.g., approval to tender)
 - 3.4. Obtain quotations fairly
- 4. Select suppliers for required goods and services**
 - 4.1. Evaluate potential suppliers for best value
 - 4.2. Document decision for supplier selection
 - 4.3. Obtain appropriate approval to buy goods and services
 - 4.4. Inform bidders of competitive purchasing decisions
 - 4.5. Obtain written contractual agreements
- 5. Manage suppliers**
 - 5.1. Validate suppliers
 - 5.2. Pay suppliers in accordance with written contracts
 - 5.3. Track performance of key suppliers
 - 5.4. Report performance problems to suppliers
 - 5.5. Address suppliers' performance problems promptly

Audit Approach:

To conduct this audit, we followed the standards for assurance engagements published in the *CPA Canada Handbook – Assurance* (CSAE 3001). To evaluate Northern Lights' processes, we used the above criteria based on our related work, reviews of literature including reports of other auditors, and consultations with management. Northern Lights' management agreed with the above criteria.

We examined Northern Lights' policies and procedures that relate to purchasing goods and services for the 12-month period ended November 30, 2018. We interviewed staff responsible for the purchase of goods and services, including senior management. We assessed Northern Lights' purchasing processes by examining purchasing documentation (i.e., policies, tender documents, purchase orders, contracts, invoices). We tested samples of purchases (tenders, single and sole source, purchase cards, invoices) and evaluated users' access to edit the suppliers within the financial system to assess the operating effectiveness of the Division's processes.

^A 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 (27 February 2019).

^B 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 (27 February 2019).

4.0 KEY FINDINGS AND RECOMMENDATIONS

4.1 Update of Purchasing Policies Needed

The Division's purchasing policy does not align with externally-imposed legal requirements, require staff involved with purchases to declare real or perceived conflicts of interest, set out requirements for the use of different purchasing methods (i.e., quotes, tenders), or incorporate expectations for use of contracts.

Northern Lights' purchasing policy appropriately requires staff to treat suppliers fairly and equitably when tendering. The policy requires tendering in accordance with applicable legislation, and sound financial management principles. It sets out clear guidance for receiving and opening tender bids, as well as criteria for evaluating suppliers, and

approving tenders. It requires the Secretary Treasurer to approve tenders for amounts up to \$25,000, and the Board for amounts greater than \$25,000.

In addition, as **Figure 3** describes, the purchasing policy allows staff to give preference to local or Northern suppliers when price variances (compared to other suppliers) are within predetermined ranges.

Figure 3—Northern Lights’ Provisions for Local or Northern Supplier Preference

Where legal and appropriate, a Local and/or Northern Contractor may be awarded the contract provided that:

- the services or products to be provided are of equivalent or greater quality than that of the bidder who would, except for this provision, be the successful bidder;
- the bid of the Local or Northern Contractor is compliant with the call for tenders;
- the difference between the dollar value of the Local or Northern bidder and the bidder who would otherwise be the successful bidder is not greater than:

\$ Value of Contract (Annual)	Northern Contractors ^A	Local Contractors ^B
Between \$10,000 and \$100,000	10% of low bid	15% of low bid
Greater than \$100,000	5% of low bid	10% of low bid

- The above table does not apply to capital projects funded by the Ministry of Education.

Source: *Northern Lights School Division No. 113 Administrative Procedure 515 - Purchasing*.

^A The Division defines a Northern Contractor as either a business located within the boundaries of the Division, or a person who has resided within the boundaries for not less than fifteen years.

^B The Division defines a Local Contractor as either a business located in the community in which the good or service is to be provided, or a person who has resided in the applicable community for not less than 15 years.

We determined the Division’s policy to favour local or Northern suppliers is not consistent with the terms of applicable external trade agreements. The *New West Partnership Trade Agreement* requires agencies to use the SaskTenders website to publicly tender purchases of goods and services over \$75,000 (over \$200,000 for construction).⁴ It allows agencies to utilize regional economic development measures, but only under exceptional circumstances.⁵ The *Canadian Free Trade Agreement*, another applicable external trade agreement, also requires agencies to use the SaskTenders website to publicly tender purchases of goods and services over \$101,101 (over \$252,700 for construction). It does not contain provisions for regional economic development measures.

Having criteria favouring the selection of local or Northern suppliers increases the risk of the Division violating terms of external trade agreements, which may result in unfair or inequitable treatment of suppliers. It may also expose the Division to financial penalties under these agreements.

In addition, we found the Division’s purchasing policy (or related procedures) did not:

- Explicitly remind staff about requirements of the applicable external trade agreements when making purchasing decisions. These agreements include specific requirements for agencies to consider when making purchasing decisions (e.g., thresholds for public tenders using the SaskTenders website, timelines for posting contract award notices, exceptions to requirements).

⁴ The Ministry of Central Services administers the SaskTenders website (www.sasktenders.ca). SaskTenders is the primary gateway for public sector tender notices for Saskatchewan.

⁵ Article V (Section F) of the *New West Partnership Trade Agreement* sets out its measures addressing regional economic development. www.newwestpartnershiptrade.ca/the_agreement.asp (19 March 2019).



For 2 of 17 tenders we tested, the Division used its local supplier preference provision in awarding tenders for student transportation. The value of each of these tenders exceeded the minimum thresholds set out in the external trade agreements (i.e., exceeded \$75,000).

For 4 of 17 tenders we tested, the Division did not publicly tender the purchases of heating fuel and propane on the SaskTenders website, as required by the external trade agreements—management indicated that staff may not have been aware of the requirement. These purchases ranged in value from about \$92,000 to \$276,000.

Not including explicit information about applicable external trade agreements within policy increases the risk that staff may not appropriately consider or comply with their relevant terms.

- Require staff involved in purchasing decisions to declare, in writing, as to whether any real or perceived conflicts of interest exist (e.g., staff ownership interest in a supplier).

Its policies do not outline potential mitigations, or provide guidance about what constitutes supplier conflict of interest. If such circumstances arise, good purchasing practices typically prohibit an agency from purchasing goods or services from suppliers in which staff have an ownership interest, or require approval in exceptional circumstances (e.g., if goods or services are not readily available from another supplier). Staff with real or perceived conflicts of interest may be biased in their decision making, increasing the risk of the Division not treating potential suppliers fairly and equitably.

- Establish when it requires tenders, as opposed to other forms of purchasing.

Its purchasing policy does not set out tendering thresholds for non-capital purchases or establish requirements for obtaining quotes. Its construction policy explicitly requires staff to tender capital purchases when the value of materials exceeds \$20,000 or when materials and labour costs exceed \$50,000.

For five purchases we tested where the Division did not tender the purchases and where obtaining quotes may be reasonable (e.g., purchase associated with repairs and maintenance of buildings or equipment), we found that the Division obtained quotes for only one of those purchases.

Good purchasing practices typically follow a tiered approach when establishing the use of different types of purchasing methods—beginning with less formal requirements (e.g., purchase cards, informal quotes) for small dollar value purchases and increasing the requirements (e.g., formal quotes, formal public tender, formal public tender with board approval) as the value of the purchases increase.

Establishing guidance about the use of different purchasing methods will provide clarity to staff and help the Division purchase goods and services in a consistent manner.

- Set out expectations when staff must obtain a written contract when buying certain types of goods or services.

Good purchasing practices establish the circumstances when staff should obtain a written contract, such as when a purchase exceeds an established dollar value or length of time. Not having clear expectations increases the risk of staff not using an appropriate form of contract, possibly exposing the Division to unwanted legal or financial risks.

1. **We recommend that Northern Lights School Division No. 113 update its purchasing requirements to:**
 - **Align with applicable external trade agreements;**
 - **Establish requirements for staff involved with purchases to declare real or perceived conflicts of interest;**
 - **Set out requirements for the use of different purchasing methods; and**
 - **Incorporate expectations for use of contracts.**

We note that some other Saskatchewan school divisions have comprehensive purchasing policies that Northern Lights could leverage when updating its requirements.

4.2 Policy Addressing Single or Sole Sourcing Purchases Needed

The Division does not have a policy about single or sole sourcing goods or services. Single source is purposely choosing a single supplier even though others are available (typically for small purchases or emergency purchases). Sole source is when only one supplier for the required item is available.⁶ These are non-competitive procurement methods.

We found that the Division periodically single or sole sourced purchases of goods or services (e.g., IT hardware, services for students with intensive needs).

However, contrary to good practice (see **Figure 4**), the Division has not set requirements as to when it is appropriate to single or sole source goods and services. In addition, it has not set requirements on what staff must consider and document when doing so, and what approvals are necessary.

Figure 4—Good Purchasing Practices

Good purchasing practices typically require staff to document, in writing:

- The circumstances for single/sole sourcing goods and services (e.g., why the good or service is unique, or needed immediately [emergency purchase])
- Any alternatives considered
- Reasons for selecting the supplier (how staff know there is only one source for the good/service)
- How the price was fair and reasonable

Source: Information compiled by the Office of the Provincial Auditor from various sources.

In addition, organizations track the use of the single and sole sources purchases to enable additional monitoring.

⁶ The Chartered Institute of Procurement and Supply defines single source as purposely choosing a single supplier even though others are available (typically for small purchases, emergency purchases). Sole source is when only one supplier for the required item is available. www.cips.org/en-sg/knowledge/procurement-topics-and-skills/strategy-policy/models-sc-sourcing--procurement-costs/single-sourcing-vs-sole-sourcing/ (19 March 2019).



For each of the seven single or sole sourced purchases we tested, the Division did not document why it needed the goods or services purchased, or why the use of these methods was appropriate.

In addition, for three of those seven purchases we tested, the items (e.g., computers, security services, janitorial supplies) purchased would have been available from various suppliers. The value of these purchases ranged from \$138,000 to \$218,000. Management could not explain why it needed these items immediately or why it did not consider alternative suppliers.

Without a policy establishing appropriate requirements when using the single or sole source purchasing methods, the Division is at risk of not facilitating fair and equitable treatment of suppliers, and may not obtain best value when making purchasing decisions.

2. We recommend that Northern Lights School Division No. 113 set out, in writing, its requirements for using single or sole source purchasing.

4.3 More Robust Credit Card Guidelines and Active Monitoring of Staff Compliance Needed

The Division's purchase card guidelines do not sufficiently align with good purchasing practices—such as setting out all required approvals, processes for changing transaction limits, and restrictions on use. In addition, the Division was not actively monitoring cardholders' adherence with its purchase card guidelines.

Northern Lights' staff typically use credit cards for buying small dollar value items (e.g., supplies, meals, hotels) and recurring transactions (e.g., subscriptions). It refers to these as purchase cards. At November 2018, the Division assigned 41 purchase cards throughout the Division, spending about \$34,000 each month.

The Division's purchase card guidelines give staff direction over the use of their purchase cards. The guidelines appropriately set out the responsibilities of cardholders (e.g., accountability for purchases, proper security of cards), and the monthly process for reconciling transaction statements to supporting receipts (including the coding of transactions in the Division's financial system).

In addition, the Division places individual and monthly transaction limits on each of its purchase cards. The Secretary Treasurer is responsible for changing cardholder limits, including the limits for his own purchase card.

Our review of the Division's purchase card guidelines, and testing of 30 purchase card statements, found that the Division did not:

- Update its guidelines to align with its verbal expectations for cardholders to obtain their supervisor's approval of monthly purchase card transactions before the Division paid the amount due on the statement. Its guidelines expected school principals to approve monthly purchase card transactions. The Division recognized this did not make sense because principals are assigned cards, as are their schools, and use them in their day-to-day activities.

In 2 of 30 statements we tested, a principal inappropriately approved a monthly transaction statement instead of a superintendent.

In 1 of 30 statements we tested, no one approved the monthly statement. The amount due on the card was paid.

If the purchase card guidelines do not reflect the Division's expectations for approval of transactions, there is increased risk of staff inappropriately approving transactions.

- Consistently require staff to submit their monthly purchase card reconciliations, properly supported by receipts.

In 6 of 30 statements we tested, staff did not submit their reconciliations for approval; and in 3 of 30 statements, reconciliations were missing one or more supporting receipts.

When staff do not submit their monthly purchase card reconciliations, the Division is unable to assess the appropriateness of transactions incurred by cardholders.

- Have a clear process for monitoring and approving changes made to cardholder transaction limits.

For 3 of 30 statements we tested, the Division increased each cardholder's transaction limit for a large one-time purchase but did not subsequently reduce the limit following the transaction.

For 4 of 5 changes to cardholder limits we tested, the Division did not maintain evidence of approval of the changes in limits.

Without procedures for making changes to cardholder transaction limits, the Division may not revise limits when necessary—leaving the Division susceptible to fraudulent transactions.

- Set out detailed guidance about restrictions on use of the purchase cards. While the Division's guidelines appropriately prohibit staff from using purchase cards for personal use, the guidelines do not provide staff with enough detail about unacceptable purchases. Good purchasing practices include examples of unacceptable purchases (e.g., purchases intended to bypass the Division's competitive bidding process, splitting of transactions to bypass purchase card transaction limits).

While we did not identify staff misuse of purchase cards, detailed guidance regarding the appropriate use of purchase cards would help staff understand what types of purchases are acceptable. This would reduce the risk that staff inappropriately use their purchase cards.

- Maintain completed application forms or require cardholders to acknowledge their understanding of the use of purchase cards.

None of the cardholders related to the 30 statements we tested had completed application forms or acknowledgement of understanding of card use.



When staff complete such forms, it reduces the risk of them not understanding their responsibilities when using purchase cards.

Of the Division's 41 purchase cards, we found it issued 16 cards in the name of a school instead of in the name of a staff member. It makes these cards available for use by multiple staff members at these schools.

Good purchasing practices indicate that an organization should issue purchase cards in the name of the staff members it authorizes to use the cards. Assigning cards to schools instead of to individual staff members increases the risk of misuse of the cards and inconsistent compliance with the Division's purchase card guidelines—not all school staff may be aware of the guidelines. Assigning cards to schools reduces the Division's ability to hold specific staff accountable for their purchasing decisions.

The Division expects supervisors of cardholders to monitor compliance, and follow-up with cardholders about identified non-compliance with its purchase card guidelines. It also expects them to request cards be disabled when deemed necessary (e.g., repeated non-compliance). However, the Division was unaware of the deficiencies we found in our testing.

3. **We recommend that Northern Lights School Division No. 113 revise its purchase card guidelines to align with good purchasing practices (e.g., required approvals, processes for changing transaction limits, restrictions on use).**
4. **We recommend that Northern Lights School Division No. 113 actively monitor adherence of cardholders with its purchase card guidelines.**

4.4 Improved Controls Needed over Fuel Purchases Made with Credit Cards

The Division does not agree monthly invoices to supporting individual fuel receipts for purchases made through credit cards (fleet cards) prior to paying the monthly invoice.

Staff use fleet cards for purchasing fuel when using the Division's passenger vans for school-related extracurricular activities. At November 2018, the Division had 31 fleet cards available for staff and staff spent about \$9,000 each month.

The Division's school transportation fleet policy gives staff direction on expected use of its passenger vans. For example, it expects staff to complete a monthly travel log for each van that includes the details of its use during the month (e.g., date, destination, purpose of trip), supported by fuel receipts.

We found that the Division does not monitor receipt of the monthly travel logs for each of its passenger vans. In addition, staff do not agree or append individual fuel vehicle receipts to the monthly fleet card invoices.

For two months, we reviewed all fleet card statements and found staff did not retain receipts for over 60% of the transactions (144 receipts). The Division was not aware that staff had not submitted all of the receipts, as it requires.

Not systematically agreeing fleet card receipts to purchases on the monthly fleet card statements increases the risk of the Division paying for inappropriate purchases, and not detecting misuse of the fleet cards promptly. In addition, the Division cannot know or assess staff use of the fleet cards when staff do not retain all receipts.

5. **We recommend that Northern Lights School Division No. 113 agree purchases on monthly fleet card invoices to supporting receipts prior to making payment.**

4.5 Key Purchasing Policies Not Board Approved

The Board of the Division did not review or approve the Division's purchasing policy, construction policy, or delegation of authority to approve the initiation or payment of purchases.

The Board delegated authority for the creation of policies concerning the operation of the Division to the Director of Education. The Division has a policy setting out the Director's responsibility to develop and maintain current policies for the Division, including an annual review of its policies.

We found that the Division did not maintain evidence of the last time it reviewed and updated its purchasing policies (i.e., the policies are not dated) or its delegation of authority to initiate and approve purchases. In addition, the Division did not formally approve its policies.

The Division's Board Policy Handbook indicates that the Board shall establish and maintain written policies that provide effective direction and guidelines for the action of the Board and staff. The Board's policies are to set out how it expects the Division to operate.

In our view, the Division's purchasing policy, construction policy, and delegation of authority are all policies that set out key expectations for the Division's operations.

A delegation of authority transfers the responsibility for control and spending to specific positions (or individuals). Review and approval of the delegation independent of preparation helps ensure authority to approve is delegated to staff with the skill and knowledge necessary for the effective exercise of the authority, and is in keeping with the organization's overall financial management control framework.

Board approval of key operational policies is essential, as these policies should set out the Board's expectations for the operations of the organization. Inappropriately designed and approved purchasing policies and delegations of authority can present significant financial, legal, and reputational risks to the organization.

6. **We recommend that the Board of Education of Northern Lights School Division No. 113 approve the Division's key policies related to the purchase of goods and services.**



Though the Division did not recently revise its purchasing policies, we found that it advised staff of changes to education-related policies via emails. Also, except for the delegation of authority, the Division made all its policies publicly available on its website.⁷

4.6 Processes to Maintain Delegation of Authority Needed

The Division does not have a formal process for maintaining and communicating its delegation of authority to approve the initiation or payment of purchases.

The Division's delegation of authority document sets out authority for initiating and approving payments by staff position (e.g., Secretary Treasurer, superintendents, principals) and type of purchase (e.g., facilities, education portfolio, school-related, travel claims). It does not distinguish between the authority to initiate a purchase, and approve a payment. Most staff positions listed had unlimited authority for purchases associated with their budget responsibilities.⁸

We found the delegated authority for staff positions (at November 2018) aligned with their budget responsibilities—for example, the Superintendent of Facilities has authority over facilities-related purchases.

However, unlike its other policies, the Division does not maintain its delegation of authority on its website. Instead, it only advises individuals in the positions listed along with financial staff of the delegation. Good purchasing practices indicate that an organization should communicate its delegation of authority to all staff—such as including the delegation directly within its purchasing policy. Broader communication helps make the delegation known (transparency), and helps ensure the delegated responsibilities are carried out effectively.

If the Division does not appropriately maintain and communicate its delegation of authority, the authorization to initiate and approve purchases may not be clear to staff—increasing the risk of staff inappropriately authorizing transactions.

See **Recommendation 6** about having the Board approve key purchasing policies. The Division includes Board-approved policies on its website.

4.7 Documentation of Supplier Evaluations for Tenders Inconsistent

The Division does not consistently maintain adequate documentation of its evaluation of suppliers when tendering for the purchase of goods and services.

Purchasing is largely decentralized across the Division—it does not have a purchasing department. The Secretary Treasurer is either directly involved, or assists staff located throughout the Division when purchasing goods or services.

⁷ www.nlsd113.ca/apps/pages/index.jsp?uREC_ID=1067788&type=d&pREC_ID=1358250 (20 March 2019).

⁸ At November 30, 2018, only two staff positions had established authority limits—the Facilities Supervisor and Maintenance Co-ordinator only had authority to initiate facilities-related purchases and approve payments up to \$5,000.

Staff throughout the Division identify their purchasing needs as part of the annual budgeting process and within their operational plans (e.g., Information Technology, Student Services). We found that the Board appropriately approved the Division's budget.

To identify sources of supply for required goods and service, the Division informally considers its past purchasing experience along with suppliers that respond to its tenders. It consults with other school divisions as necessary.

For the 17 tenders we tested, the Division appropriately:

- Documented the identified need for the good/service within the tender documents
- Authorized the initiation of the purchase consistent with its delegation of authority policy
- Clearly defined specifications (e.g., details of the goods or services required, methods for responding, timeline, evaluation process) to enable suppliers to understand the Division's expectation, and prepare a bid; specifications included other requirements and relevant authorities (e.g., suppliers' compliance with *The Environmental Spill Control Regulations*, National Building Code) where necessary^{9,10}
- Used suitable staff to evaluate supplier responses; the Secretary Treasurer, along with other relevant staff or external consultants (e.g., facilities, architect) evaluated suppliers' responses to tenders¹¹
- Approved the selection of suppliers within a reasonable timeframe

However, in 15 of 17 tenders tested, the Division did not document its evaluation of the suppliers using the selection criteria it established for the tenders.

When the Division does not document its evaluation of bids, it is not complying with its purchasing policy. Also, it cannot sufficiently support its supplier selection decision and demonstrate achievement of best value for purchasing decisions.

7. We recommend that Northern Lights School Division No. 113 consistently document its evaluation of suppliers when tendering for the purchase of goods and services.

4.8 Tender Communications with Suppliers Maintained Inconsistently

The Division did not consistently maintain appropriate documentation of communications with suppliers during the tender process—its purchasing policy does not address its expectations associated with supplier communications. In addition, it did not request feedback from unsuccessful suppliers to assist with improving its tendering process.

⁹The Division determines other purchasing requirements (e.g., warranty, delivery, packaging) on a case-by-case basis, with involvement from operational staff (e.g., facilities, information technology) as necessary.

¹⁰The Division frequently tenders student transportation services and has a template for preparing these tender documents. Our review of this template found it includes sufficient information for suppliers to prepare bids (e.g., description of routes, timeline, method for responding, evaluation process, and key requirements of suppliers). For tenders that are not related to student transportation, the Division develops the tender documents on a case-by-case basis.

¹¹The Division accepts bids for tenders via mail, email, fax, or directly at the Division office.



For the 17 tenders we tested:

- 7 of 17 tender documents tested did not describe the Division's policy about the use of local or Northern supplier preference when selecting suppliers—this increases the risk of the Division treating suppliers unfairly or inequitably. The remaining tender documents set out mandatory requirements of suppliers, and criteria it will use to evaluate the supplier when awarding the tender.
- For 1 of 17 tenders tested, the Division communicated the tender award with the successful supplier two months after the Board approved the selection of the supplier (not timely).
- For 6 of 17 tenders tested, the Division communicated with the successful and/or unsuccessful suppliers through phone calls. When it communicated in this manner, we were unable to assess whether the Division approved the supplier selection before it communicated with the successful supplier or whether the communication occurred timely.
- For 4 of 17 tenders tested (each over \$75,000), the Division did not comply with the external trade agreements regarding posting a contract award notice on the SaskTenders website. When agencies use SaskTenders for procurements, they must also post contract award notices on the website.

If the Division does not maintain appropriate documentation of its communications with suppliers, it can be difficult for the Division to demonstrate that its purchasing process is fair and transparent and it may be in violation of external trade agreements.

8. We recommend that Northern Lights School Division No. 113 maintain appropriate documentation of its tender communications with suppliers.

The Division routinely tenders purchases but does not formally request feedback from unsuccessful suppliers. Given its location, the Division regularly interacts with a relatively small number of suppliers. In addition, only a few of its staff are responsible for making decisions about larger purchases.

The Division could consider holding debriefing sessions with unsuccessful suppliers on larger purchases to have an opportunity to exchange constructive feedback on the Division's purchasing processes.

4.9 Standard Tendering Time Not Established

The Division has not established a standard minimum amount of time to ensure suppliers have sufficient time to submit responses to tenders.

Good practice suggests 25 to 35 days is sufficient time to allow suppliers to respond to tenders.¹²

¹² Adapted from information provided by the Saskatchewan Ministry of Trade and Export Development. To assist government agencies, the Ministry prepared a document that summarized agencies' procurement obligations under domestic and international trade agreements.

For 16 of the 17 tenders we tested, the Division did not allow a tendering time consistent with good practice (i.e., two weeks for 15 items; three weeks for one item). The Division received two or fewer supplier bids for nine of these 16 tenders. The Division may not have provided suppliers with sufficient time to respond to the tenders.

Not providing suppliers with sufficient time to prepare tender responses increases the likelihood of suppliers choosing not to respond, resulting in the Division having fewer options to acquire the goods or services it needs. Fewer options may increase the risk of not achieving best value. Also, establishing standard minimum amounts of time helps ensure it treats suppliers fairly and equitably.

9. We recommend that Northern Lights School Division No. 113 establish a standard minimum amount of time to allow suppliers to respond to tenders.

4.10 Some Contract Templates Incomplete

The Division does not periodically review its contract templates for completeness and robustness. Its service contract and purchase order templates do not include clauses or provisions that are typically necessary when purchasing goods and services.

The Division maintains contract templates for the following types of purchases:

- Service contract—used when contracting external parties to provide education courses or programs (e.g., art camps)
- Student transportation contract—used when contracting external parties to provide student transportation services (i.e., transportation to and from school)
- Heating fuel contract—used when purchasing large volumes of heating fuel
- Propane contract—used when purchasing large volumes of propane
- Standard purchase order for other types of purchases

Our review of the templates found the contract templates used for student transportation, heating fuel, and propane include clauses typically necessary in a contract.

However:

- Its service contract did not include clauses addressing items such as performance, indemnification, insurance requirements, severability, survival, etc.
- Its standard purchase order did not contain terms and conditions pertaining to delivery, liability, or authorization of changes to terms and conditions

Maintaining robust standard wording of contracts (contract templates) helps organizations save time on purchasing activities, and can reduce legal costs. They can also help both staff and suppliers to consider key aspects common to purchasing certain types of goods and services. Not having robust contract templates increases legal or financial risks where signed contracts do not sufficiently address relevant contract terms.



10. We recommend that Northern Lights School Division No. 113 periodically assess the robustness of the service contract and purchase order templates used for purchasing goods and services.

4.11 Contract Documentation Not Always Timely or Consistently Maintained

The Division did not consistently maintain timely or complete documentation of contracts with suppliers.

For 10 of the 24 purchases we tested (made through tenders and single or sole sourced procurement methods), the Division appropriately used and authorized the contracts or purchase orders for these purchases.

However, for 14 of the 24 purchases tested, we found:

- Six purchases where the Division signed the contract after it received the goods or services instead of beforehand as best practice expects
- Two purchases where the Division did not maintain appropriately approved or complete contract documentation—for one purchase, the Division did not sign the contract in accordance with its construction policy (i.e., Superintendent of Facilities signed the contract instead of the Director of Education or Secretary Treasurer), and for the other, the supplier did not sign the contract
- Six purchases where the Division could not locate the contracts

If suppliers provide goods or services to the Division before finalizing a contract, suppliers may not fully understand their responsibilities to the Division—potentially resulting in suppliers not meeting the Division’s needs.

Not maintaining complete documentation of signed contracts makes it difficult to hold suppliers accountable for providing goods and services when performance issues arise. In addition, if appropriate Division staff do not sign contracts as expected, there is increased risk of the Division entering into contracts that do not fully meet its needs.

11. We recommend that Northern Lights School Division No. 113 maintain complete documentation of properly authorized contracts with suppliers before the Division receives the related goods or services.

4.12 Additional Monitoring of Incompatible Purchasing Duties Needed

The Division does not take additional steps to actively identify or monitor transactions when the same individual carries out more than one of the purchasing duties in an individual purchase.

A basic financial control is that more than one person should be required to complete certain tasks such as approval of the initiation of a purchase, receipt of goods and services, and approval for payment. Separating these purchasing duties helps catch errors. In addition, involvement of more than one individual in making a purchase helps prevent fraud or theft.

As noted in **Section 4.6**, the Division does not require different individuals to initiate purchases, receive goods or services, and approve invoices for payment. For example, the Division authorizes the Secretary Treasurer to sign tenders, receive bids on tenders, open tenders, and evaluate tenders. These roles are in addition to the Secretary Treasurer's responsibility for approving changes for user access to the financial system, approving payments made by the Division, and administering the Division's finances.

In the purchases we tested, we noted numerous instances where the same individual had approved the initiation of the purchase and received the goods or services, or received the goods and services and approved the request for payment, or approved the initiation of the purchase and request for payment. For example, the Secretary Treasurer approved the initiation of purchases and request for payment for about one third of the 30 payments we tested.

At times, it is not feasible for organizations to separate all incompatible purchasing duties. Where it is not possible to do so, good practice is to actively identify instances where separation of the duties is not possible, and monitor the appropriateness of those purchases.

We found the Division does not provide finance staff with written guidance about not processing requests for payment where the same individual had approved initiation of the purchase, received goods and services, and requested payment.

Providing one individual with the ability to control several aspects of the purchasing process (e.g., tendering, receipt of goods and service, approve invoices for payment) does not appropriately separate incompatible duties and increases the risk of fraudulent transactions going undetected.

12. We recommend that Northern Lights School Division No. 113 separate incompatible purchasing duties (e.g., initiating purchases, tendering, receiving goods or services, approving invoices for payment, adding suppliers to the financial system), and closely monitor transactions where it is not feasible to do so.

4.13 Documentation of Validity of Supplier Information and Separation of Incompatible Duties Needed

The Division does not document due diligence procedures taken to confirm the validity of suppliers before paying them, or properly maintain its listing of suppliers included in its financial system. In addition, two individuals with the ability to enter new suppliers into its financial system can approve invoices for payment and other financial transactions.

Unfortunately, in today's world, organizations must proactively take steps to avoid the risk of fictitious suppliers. Statistics Canada reports that frauds committed by individuals other



than employees were more likely to strike business establishments than employee-perpetrated frauds.¹³

Good practice is to carry out due diligence procedures to confirm the validity of new suppliers prior to initiating purchase activity with them. **Figure 5** sets out examples of such procedures.

Figure 5—Due Diligence Procedures for Validating New Suppliers

Examples of due diligence procedures include:

- Comparing the supplier mailing address against the mailing addresses of employees
- Checking suppliers using a post office box as a mailing address to verify their legitimacy
- Verifying each supplier has an assigned GST number and telephone number—and then verifying correctness of this data
- Confirming ownership of the supplier company, and actively looking for any potential employee, board member or other key party conflicts (consider declarations of conflicts)

Source: Information compiled by the Office of the Provincial Auditor from various sources.

In addition, good practice is to assign responsibility for reviewing new suppliers to someone that is not responsible for initiating purchases, receiving goods/services, or approving payments. Also, periodically reviewing details about suppliers listed within the financial system (e.g., reviewing the listing for duplicate records, populating missing fields, or deactivating unused suppliers) helps reduce the risk of fraud and sending payments to the wrong supplier.

At November 2018, the Division's financial system maintains details on about 7,700 different suppliers (e.g., names, addresses, contact information, last payment date). The Division uses this information when issuing purchase orders, setting up accounts payable, and paying supplier invoices.

The Division informally assesses the validity of suppliers upon receipt of invoices for payment (i.e., after suppliers provide goods or services). The Division's purchasing policies do not require staff to research the validity of a new supplier prior to making a purchase.

For each of 17 new suppliers in the Division's financial system we tested, the Division could not show us that it had confirmed validity of the supplier. We assessed the validity, through internet searches and review of invoices, of each of these suppliers, and found each of them were valid.

In addition, we analyzed supplier information in the Division's financial system. Our comparison of supplier addresses to employee addresses did not identify any fictitious suppliers.

However, we found that the Division did not make sure its financial system only listed relevant suppliers. The Division had not made any payments within the last two years to almost 68% of the 7,700 suppliers listed in its financial system.

Not carrying out sufficient due diligence procedures to confirm the validity of suppliers before entering them into the financial system increases the risk of making payments to fictitious suppliers.

¹³ www150.statcan.gc.ca/n1/pub/85-571-x/2009001/part-partie1-eng.htm (20 March 2019).

Also, periodic maintenance of suppliers included in the financial system can reduce the risk of duplicate or fraudulent payments and help monitor the existence of fictitious suppliers.

13. We recommend that Northern Lights School Division No. 113 document its due diligence procedures used to validate suppliers before entering them into its financial system, and keep the supplier listing in its financial system up-to-date.

In addition, we found the Division, through its assignment of IT user access, gave two individuals incompatible responsibilities; these individuals can approve invoices for payments and add suppliers to the Division's financial system.

Allowing users with the ability to approve or enter payments into the financial system, in addition to the ability of adding suppliers, does not appropriately separate incompatible duties. Not appropriately separating incompatible duties between different individuals increases the risk of fraud, and not detecting errors. See **Recommendation 12** about separating incompatible purchasing duties.

4.14 Better Support for Heating Fuel Purchases Needed

The Division did not consistently document the receipt and appropriate approval for the payment of heating fuel purchases.

For 30 payments we tested, the Division paid the approved invoices within a reasonable timeframe, and at the correct amount.

However, for two heating fuel purchases we tested, the staff approving the invoice did not have authority to do so. In addition, we found one heating fuel purchase where we were unable to determine if the Division appropriately separated purchasing duties, as no one documented receipt of the purchase. The size of these purchases were small, ranging from about \$25 to \$500 though the Division spends about \$800,000 on heating fuel in a year.

If the Division does not require staff to approve invoices in accordance with its delegation of authority, and document its receipt of the purchases, there is an increased risk of the Division paying for goods and services that it did not receive.

14. We recommend that Northern Lights School Division No. 113 require staff to document the receipt of heating fuel purchases and to adhere to its delegation of authority when approving invoices for payment.

Northern Lights' purchasing policy also sets out clear guidance for the approval of requests for purchases (requisitions). One of the Director of Education, Secretary Treasurer, Superintendent of Education, Superintendent of Facilities, or a designate must approve requisitions.

For 3 of the 30 payments we tested, the Division's purchasing policy requires staff to complete and obtain approval of a requisition; and then use this requisition to prepare a



purchase order.¹⁴ These forms document the need for the item being purchased. Two of these three payments did not have a completed requisition or an approved purchase order, as the policy requires.

Not having properly approved requisitions and purchase orders increases the risk that the Division may buy goods or services that it does not need. See **Recommendation 1** about the Division updating its purchasing requirements.

4.15 Supplier Performance Issues Addressed

Because the Division uses a relatively small number of suppliers regularly, it takes an informal approach when addressing supplier performance issues—taking into account the scope and sensitivity associated with items that arise.

The Division can more easily identify significant supplier performance issues because only a few individuals are responsible for making a large portion of its purchasing decisions.

Through our testing and discussion with management, we identified two supplier performance issues. We found the Division handled these supplier performance issues appropriately. In both instances, the Division communicated the performance issues to the suppliers. In one instance where the supplier performance had safety implications, management discussed the issue with its Board, and obtained its approval to terminate the contract with this supplier.

Proactively identifying and addressing supplier performance issues helps ensure the Division receives the expected quality of goods and services it pays for.

5.0 SELECTED REFERENCES

Provincial Auditor of Saskatchewan. (2018). *2018 Report – Volume 1, Chapter 10, Saskatchewan Water Corporation – Purchasing Goods and Services*. Regina: Author.

Provincial Auditor of Saskatchewan. (2017). *2017 Report – Volume 1, Chapter 13, SaskTel – Purchasing Fibre Optic Network Upgrade and Other Network Hardware*. Regina: Author.

Provincial Auditor of Saskatchewan. (2015). *2015 Report – Volume 2, Chapter 34, Health Shared Services Saskatchewan – Shared Procurement*. Regina: Author.

Provincial Auditor of Saskatchewan. (2015). *2015 Report – Volume 2, Chapter 38, Saskatchewan Polytechnic – Procuring Goods and Services*. Regina: Author.

Provincial Auditor of Saskatchewan. (2014). *2014 Report – Volume 2, Chapter 38, Saskatoon School Division No. 13 – Goods and Services Procurement Processes*. Regina: Author.

Provincial Auditor of Saskatchewan. (2013). *2013 Report – Volume 2, Chapter 32, University of Regina – Procurement and Disposal Audits*. Regina: Author.

¹⁴ The other 27 payments tested did not require a requisition given the nature of these purchases (e.g., utilities, employee travel expenses, monthly payments).

Chapter 9

Northlands College—Purchasing Goods and Services

1.0 MAIN POINTS

Northlands College purchases various goods and services to deliver educational and training programs and services across northern Saskatchewan. In 2017-18, the College bought over \$9 million of goods and services.

This chapter sets out the results of our audit on Northlands College's processes to purchase goods and services.

At November 2018, Northlands College had generally effective processes to purchase goods and services. Its procurement policy requires staff to ensure consistency and fairness when making purchases and sets out guidance for evaluating potential suppliers.

While we found that staff followed the College's policies when making purchases using various procurement methods (e.g., quotes, tenders, purchase cards), the College needs to better align its purchasing requirements with good purchasing practices. This includes setting requirements over the use of single or sole source purchasing, requiring staff involved with purchases to declare real or perceived conflicts of interest, and recognizing the requirements of applicable external trade agreements. In addition, by setting a standard amount of time for suppliers to submit responses to tenders, and consistently documenting its tender communications with potential suppliers, the College can better demonstrate that it treats suppliers fairly and equitably.

To mitigate possible financial, legal, and reputational risks to the organization, the Board needs to approve the College's key purchasing policies. The College can also reduce these risks by assessing the robustness of its contract templates, and finalizing contracts before receiving goods and services.

Finally, by keeping the supplier listing in its financial system up-to-date, the College can mitigate the risk of duplicate or fraudulent payments and help monitor the existence of fictitious suppliers.

Strong processes to purchase goods and services supports transparency, fairness, and achievement of best value in purchasing activities.

2.0 INTRODUCTION

The Regional Colleges Act gives boards of directors of regional colleges the responsibility for developing policies about administration, operations, and financial administration.¹

Northlands College is one of seven regional colleges operating in Saskatchewan. It provides education and training programs and services, enhances the social and

¹ Section 12 of *The Regional Colleges Act*. By law, the Ministry must approve the purchase, construction, or renovation of buildings or other facilities required for the purposes of a college.



economic condition, prepares northerners to participate in the labour market, and helps industry meet its labour force needs. It operates in northern Saskatchewan, with campuses located in Buffalo Narrows, La Ronge, and Creighton. Its head office is in Air Ronge.² It has a staff of almost 100 full-time equivalent positions, and serves about 1,100 students each year.³

The College primarily uses grants from the Ministry of Advanced Education to finance its operations. For example, in 2017-18, the College received \$20.47 million from the Ministry of Advanced Education (about 74% of its total revenues). About 25% of its revenues are from student tuition and fees, and contracts for training.⁴

As shown in **Figure 1**, typically, the College buys about \$9 million of goods and services each year to deliver its education and training programs. Its purchases of tangible capital assets (e.g., equipment) vary from year to year.

Figure 1 – Northlands College’s Purchases from 2016 to 2018

	Budget ^A	Actual ^A		
	2018-19	2017-18	2016-17	2015-16
	(in millions)			
Agency Contracts ^B	\$ 0.09	\$ 3.74	\$ 3.11	\$ 3.76
Operating	1.02	2.50	2.84	3.33
Facilities	0.93	1.99	1.87	1.86
Equipment	0.22	0.54	0.87	0.53
Information Technology	0.22	0.32	0.27	0.50
Total Expenses	2.48	9.09	8.96	9.98
Tangible Capital Assets ^C	0.09	0.31	0.85	2.49
Total Expenditures	\$ 2.57	\$ 9.40	\$ 9.81	\$ 12.47

^A Source: Northlands College financial records for the fiscal year ended June 30.

^B Includes costs related to program delivery and instruction.

^C Includes items such as buildings, furniture and equipment, vehicles, and computer hardware.

The Ministry of Advanced Education oversees regional colleges, and may provide direction to regional colleges regarding their operations or programs.⁵ In its 2018-19 budget letters to colleges, the Ministry of Advanced Education communicated its expectations for each of them to increase efficiencies and reduce costs while maintaining high-quality programs and services for students.

Northlands College must achieve this while using purchasing processes that are transparent, fair, and achieve best value. Not having effective purchasing processes increases the risk of not using public resources wisely and placing the College’s reputation at risk.

² trainnorth.ca/About (27 February 2019).

³ *Northlands College 2017-2018 Annual Report*, pp.20, 29.

⁴ *Ibid.*, p. 42.

⁵ Section 13 of *The Regional Colleges Act*.

3.0 AUDIT CONCLUSION

We concluded that for the 12-month period ending November 30, 2018, Northlands College, other than the following areas, had effective processes to purchase goods and services. Northlands College needs to:

- **Better align its purchasing requirements with good purchasing practices. This would include setting requirements over the use of single or sole source purchasing, requiring staff involved with purchases to declare real or perceived conflicts of interest, and recognizing the requirements of applicable external trade agreements**
- **Have its Board approve the College's key purchasing policies**
- **Set a standard amount of time to give suppliers enough time to submit responses to tenders, and consistently document its tender communications with potential suppliers**
- **Assess the robustness of its contract templates, and finalize contracts before receiving goods and services**
- **Keep the supplier listing in its financial system up to date**

Figure 2—Audit Objective, Criteria, and Approach

<p>Audit Objective: The objective of this audit is to assess the effectiveness of Northlands College's processes, for the 12-month ending November 30, 2018, to purchase goods and services.</p> <p>Audit Criteria:</p> <p>Processes to:</p> <ol style="list-style-type: none"> 1. Set policies for purchasing goods and services <ol style="list-style-type: none"> 1.1 Maintain approved and clear policies for purchasing goods and services and for monitoring and reporting on compliance 1.2 Align policies with externally-imposed requirements (e.g., <i>New West Partnership Trade Agreement</i>,^A <i>Canadian Free Trade Agreement</i>,^B legislation) 1.3 Keep staff and suppliers informed of purchasing policies 2. Define the need and specifications for required goods and services <ol style="list-style-type: none"> 2.1 Define the need in sufficient detail for suppliers' and agency's understanding 2.2 Define specifications to encourage open and effective competition 2.3 Specify other requirements (e.g., warranty, delivery, packaging, performance guarantees) 2.4 Use specifications that align with relevant authorities (e.g., legislation, policies, agreements) 3. Treat potential suppliers equitably and fairly <ol style="list-style-type: none"> 3.1 Identify feasible sources of supply 3.2 Document basis of sourcing decision (e.g., sole source, invited bid) 3.3 Obtain appropriate authorization to initiate purchase (e.g., approval to tender) 3.4 Obtain quotations fairly 4. Select suppliers for required goods and services <ol style="list-style-type: none"> 4.1 Evaluate potential suppliers for best value 4.2 Document decision for supplier selection 4.3 Obtain appropriate approval to buy goods and services 4.4 Inform bidders of competitive purchasing decisions 4.5 Obtain written contractual agreements
--



5. Manage suppliers

- 5.1 Validate suppliers
- 5.2 Pay suppliers in accordance with written contracts
- 5.3 Track performance of key suppliers
- 5.4 Report performance problems to suppliers
- 5.5 Address suppliers' performance problems promptly

Audit Approach:

To conduct this audit, we followed the standards for assurance engagements published in the *CPA Canada Handbook – Assurance* (CSAE 3001). To evaluate Northlands 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. Northlands College's management agreed with the above criteria.

We examined Northlands College's policies and procedures that relate to purchasing goods and services for the 12-month period ended November 30, 2018. We interviewed staff responsible for the purchase of goods and services, including senior management. We assessed Northlands College's purchasing processes by examining purchasing documentation (i.e., policies, tender documents, purchase orders, contracts, invoices). We tested samples of purchases (tenders, quotes, single and sole source, purchase cards, invoices) to assess the operating effectiveness of the College's processes.

^A 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 (27 February 2019).

^B 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 (27 February 2019).

4.0 KEY FINDINGS AND RECOMMENDATIONS

4.1 More Comprehensive Procurement Policy Needed

The College's procurement policy does not align with externally-imposed legal requirements, require staff involved with purchases to declare real or perceived conflicts of interest, or incorporate expectations for use of contracts.

Northlands' procurement policy appropriately requires staff to ensure consistency and fairness when purchasing goods and services. It also sets out clear guidance for evaluating potential suppliers for when staff use competitive procurement methods (e.g., quotes, public tender). It expects staff to:

- Obtain a minimum of three quotes from suppliers when buying goods and services over \$10,000
- Publicly tender (post on the SaskTenders website) when buying goods and services over \$75,000, and construction over \$200,000⁶

In addition, as set out in **Figure 3**, the procurement policy expects staff to give preference to local suppliers when price variances (compared to other suppliers) are within predetermined ranges.

⁶ The Ministry of Central Services administers the SaskTenders website (www.sasktenders.ca). SaskTenders is the primary gateway for public sector tender notices for Saskatchewan. The external trade agreements establish thresholds requiring organizations to post tenders on the SaskTenders website—these are for procurements exceeding \$75,000 for goods or services and \$200,000 for construction.

Figure 3—Northlands College's Provisions for Local Supplier Preference

When comparing quotes from suppliers within the region for Northlands College with quotes from vendors outside the region, favour would be given to the local vendor for goods and services when the price variances are within the following ranges:

- Purchases less than \$30,000 – 10% price variance
- Purchases between \$30,000 and \$100,000 – 5% price variance
- Purchases greater than \$100,000 – 3% price variance

Source: *Northlands College Policy No. 208—Procurement*.

We determined that the College's policy to favour local suppliers is not consistent with the terms of applicable external trade agreements. The *New West Partnership Trade Agreement* requires agencies to use the SaskTenders website to publicly tender purchases of goods and services over \$75,000 (over \$200,000 for construction). It allows agencies to utilize regional economic development measures, but only under exceptional circumstances.⁷ The *Canadian Free Trade Agreement*, another applicable external trade agreement, requires agencies to use the SaskTenders website to publicly tender purchases of goods and services over \$101,101 (over \$252,700 for construction). It does not contain similar provisions for regional economic development measures.

Having criteria that favours the selection of local suppliers increases the risk of the College violating terms of external trade agreements, which may result in unfair or unequal treatment of suppliers. In addition, it may expose the College to financial penalties under these agreements.

In addition, we found neither the procurement policy nor other purchasing policies:

- Explicitly remind staff about the applicability of the *Canadian Free Trade Agreement* when making purchasing decisions.⁸ The policy appropriately refers to the *New West Partnership Agreement*. Not including explicit reminders about all applicable external trade agreements within policy increases the risk that staff may not appropriately consider or comply with their relevant terms.
- Require staff involved in purchasing decisions to declare, in writing, as to whether any real or perceived conflicts of interest exist (e.g., staff ownership interest in a supplier), or outline potential mitigation. If such circumstance arise, good purchasing practices typically prohibit an agency from purchasing goods or services from suppliers in which staff have an ownership interest, or require approval in exceptional circumstances (e.g., if goods or services are not readily available from another supplier). Staff with real or perceived conflicts of interest may be biased in their decision making, increasing the risk of the College not treating potential suppliers fairly and equitably.
- Set out expectations when staff must obtain a written contract when buying certain types of goods or services. Good purchasing practices establish the circumstances when staff should obtain a written contract, such as when a purchase exceeds an

⁷ Article V (Section F) of the *New West Partnership Trade Agreement* sets out its measures addressing regional economic development. www.newwestpartnershiptrade.ca/the_agreement.asp (13 March 2019).

⁸ The *Canadian Free Trade Agreement* (CFTA) includes some requirements that are not as specific in other external trade agreements that agencies should be aware of when purchasing goods and services. For example, agencies must publish contract award notices within 72 days of awarding a contract for procurements subject to the CFTA. Also, an understanding of the CFTA can enable agencies to gain an understanding of procurements that are not subject to the agreement (e.g., provision of social services, acquisition or rental of land).



established dollar value or length of time. Not having clear expectations increases the risk of staff not using an appropriate form of contract, possibly exposing the College to unwanted legal or financial risks.

- 1. We recommend that Northlands College update its purchasing requirements so that they align with applicable external trade agreements, establish requirements for staff involved with purchases to declare real or perceived conflicts of interest, and incorporate expectations for use of contracts.**

The College had five public tenders during the 12-month period ending November 30, 2018.

For each of the five tenders we tested, the College appropriately used evaluation criteria set out in the tender documents when the College selected the supplier, and not its provisions for local supplier preference.

4.2 Policy for Single and Sole Sourcing Purchases Needed

The College does not have a policy about single or sole sourcing goods or services. Single source is purposely choosing a single supplier even though others are available (typically for small purchases or emergency purchases). Sole source is when only one supplier for the required item is available.⁹ These are non-competitive procurement methods.

We found that the College routinely single or sole sources purchases of certain goods or services (e.g., books), and periodically for purchases of other goods and services (e.g., IT hardware and software).

However, contrary to good practice, the College has not set requirements as to when it is appropriate to single or sole source goods and services. In addition, it has not set requirements on what staff must consider and document when doing so, and what approvals are necessary.

Good purchasing practices typically require staff to document:

- The circumstances for single/sole sourcing goods and services (e.g., why good or service is unique, or needed immediately [emergency purchase])
- Any alternatives considered
- Reasons for selecting the supplier (how staff know there is only one source for the good/service)
- How the price was fair and reasonable

⁹ The Chartered Institute of Procurement and Supply defines single source as purposely choosing a single supplier even though others are available (typically for small purchases, emergency purchases). Sole source is when only one supplier for the required item is available. www.cips.org/en-sg/knowledge/procurement-topics-and-skills/strategy-policy/models-sc-sourcing--procurement-costs/single-sourcing-vs-sole-sourcing/ (27 February 2019).

In addition, organizations track the use of the single and sole source purchases to enable additional monitoring.

For all of the 19 single/sole sourced purchases we tested, the College did not document why it needed the goods or services purchased, or why the use of these methods was appropriate. For 10 of the 19 single/sole sourced purchases we tested, the total purchase value of each exceeded the College's policy threshold for tendering (goods or services exceeding \$75,000).

In addition, for 4 of the 19 single/sole sourced purchases we tested, the items (e.g., laptops, vehicles) purchased would have been available from various suppliers. The value of these purchases ranged from about \$22,000 to \$287,000. Management could not explain why it needed these items immediately.

Without a policy establishing appropriate requirements when using the single or sole source purchasing methods, the College is at risk of not facilitating fair and equitable treatment of suppliers, and may not obtain best value when making purchasing decisions.

2. We recommend that Northlands College set out, in writing, its requirements for using single or sole source purchasing.

4.3 Additional Controls Needed Over Purchases Made Through Credit and Fleet Cards

The College does not agree individual purchases made through fleet cards to supporting receipts prior to paying its monthly statements. In addition, it has not set spending limits for individual purchases to electronically limit the size of purchases made through its credit cards.

Northlands expects staff to use college-issued credit cards for buying small dollar value items and transactions with other post-secondary institutions (e.g., transcript requests, tuition). It also expects staff to use fleet credit cards for buying fuel and other vehicle-related items when using vehicles in the College's fleet.

At November 2018, the College assigned credit cards to 10 staff, and had 10 fleet credit cards available for staff using College vehicles. Our review of transactions on statements for two months found that the total amount that staff spent on the College's credit cards and fleet cards totalled about \$50,000 and \$3,000 each month, respectively.

Northlands used two policies to give staff direction over the use of college-issued credit cards—its credit card policy (last updated in June 2018) and its fleet card policy (last updated in January 2018).

Northlands' credit card policy appropriately set out:

- Responsibilities of cardholders (e.g., accountability for purchases, proper security of cards, requirement to submit monthly transaction logs). It required cardholders to acknowledge their acceptance and understanding of responsibilities in writing.



- Types of purchases that are acceptable (e.g., on-line purchases for books or program supplies, lodging, air fare, registrations fees for workshops) and unacceptable (e.g., cash withdrawals, meals, gasoline, capital items).
- Approval process for distributing cards to staff, setting and changing monthly credit card limits (e.g., the Board approved the monthly transaction limits of each card holder). Monthly transaction limits ranged between \$1,000 and \$99,000.
- Approval process for changing its agreement with the supplier of the credit cards. For example, it required the Board to approve the agreement and changes.
- Monthly process for reconciling transaction statements to supporting receipts, and the related approval process.

For staff without delegated authority, the credit card policy requires them to obtain a properly approved purchase requisition before using their credit card to purchase goods or services.¹⁰

The College's fleet vehicle policy appropriately set out the responsibilities of staff who use the College's vehicles, and cards.¹¹ It restricts purchases on the fleet cards to fuel and automotive-related purchases (e.g., windshield wipers, vehicle fluid, car washes, minor tire repairs). In addition, it requires staff to retain receipts for purchases, and to submit them to the fleet vehicle coordinator.

However, unlike its credit card policy, the fleet vehicle policy does not require staff to reconcile vehicle receipts to the monthly fleet card statements. Staff do not do so.

For two months of all fleet card statements, we found staff did not retain receipts for almost 44% of the transactions (40 receipts). The College was not aware that staff had not submitted all of the receipts as it requires. Our review of the fleet card statements for the 12-month period ending November 2018 (our audit period) did not identify any unusual transactions.

Not systematically agreeing fleet card receipts to purchases on the monthly fleet card statements increases the risk of the College paying for inappropriate purchases, and not detecting misuse of the fleet cards promptly. In addition, the College cannot know or assess staff use of the fleet cards when staff do not retain all receipts.

3. We recommend that Northlands College agree purchases on monthly fleet card statements to supporting receipts prior to making payment.

In addition, we noted that the College's policies over use of credit cards do not contemplate, and the College did not ask its suppliers of the credit cards to place electronic limits on the maximum amounts of individual purchases (e.g. not permit individual purchases over \$500). Organizations often set electronic spending limits for individual credit-card transactions that align with authority granted to that cardholder under their delegation of authority policy.

¹⁰ A purchase requisition is a document that notifies a purchaser of the need to purchase a particular good or service.

¹¹ The College makes a number of vehicles available to its staff for the purpose of travel resulting from the duties of employment at the College. A fleet card is a type of credit card used only for fuel and automotive-related purchases.

Use of automated transaction spending limits efficiently restricts staff from making purchases larger than the thresholds the College establishes.

4. We recommend that Northlands College establish transaction limits for individual purchases made on college-issued credit cards.

Staff are consistently following the credit card policy.

For each of the cardholders at November 2018 with college-issued credit cards, we found each cardholder properly completed a card application and signed an acknowledgement form; the Board approved the cardholders' monthly transaction limits.

For two months for each of the college-issued cards, we found each cardholder supported the monthly credit card statements with original receipts, and management appropriately approved the cardholder reconciliations. However, for the two cardholders that must obtain properly approved purchase requisitions before using their credit cards to purchase goods and services, we found six transactions where they did not obtain prior approval to use their cards. We found the College's explanation for these six purchases reasonable. See **Recommendation 4**—establishing appropriate transaction limits may reduce the need for College staff to obtain properly approved purchase requisitions before using their credit cards to purchase goods and services.

Staff adherence to the credit card policy helps the College to appropriately monitor and control the spending on its credit cards.

4.4 Clear Process to Keep Policies Up to Date

The College requires a periodic review of its policies and tracks when it last updated its policies.

The Board has delegated responsibility for policies and procedures relating to the day-to-day administration of the College to the CEO.

We found that the College reviewed, and the CEO approved, the procurement policy, credit card policy, and fleet vehicle policy within the last two years. It advises staff of changes to policies through staff meetings or via emails. The College makes these policies publicly available on its website.¹²

Having clear responsibility for keeping policies up to date helps the College to maintain policies that appropriately reflect its expectations of staff.

4.5 Processes to Update and Approve Delegation of Authority Needed

The College does not have a formal process for maintaining and communicating its delegation of authority. The delegation of authority in place at November 2018 was not up-to-date. It did not reflect a September 2018 reorganization of positions.

¹² trainnorth.ca/docs/policies/ (11 March 2019).



The College has a delegation of authority document (last updated in June 2018) that:

- Sets out authorization thresholds by staff position (e.g., campus managers, directors, senior management), and type of purchase (e.g., advertising, program expenses, repairs and maintenance, information technology software/hardware) for both initiating purchases and approving payments. However, it does not distinguish between the authority to initiate a purchase and to approve a payment.

At November 2018, most staff positions listed had authority up to \$5,000. Two positions, the Chief Executive Officer and Vice President of Finance and Operations, had overarching authority for all types of purchases with no upper dollar limit.¹³

- Incorporates legislative requirements related to purchasing.¹⁴

Unlike its policies, the College does not maintain its delegation of authority on its website. Rather it gave copies only to personnel with responsibilities as set out in the delegation of authority. Management indicated that the College plans to incorporate its delegation of authority within its procurement policy during the next policy update.

If the College does not appropriately maintain and communicate its delegation of authority, the authorization to initiate and approve purchases may not be clear to staff—increasing the risk of staff inappropriately authorizing transactions. See **Recommendation 5** about having the Board approve key purchasing policies.

4.6 Key Purchasing Policies Not Board Approved

The Board of the College did not review or approve the College's procurement policy and delegation of authority.

The College's Board Governance Manual indicates that the Board of Directors shall formulate general policies for the College concerning organization, administration, personnel, operations and courses of instruction of the college.

In our view, both the College's procurement policy and delegation of authority are both general policies that concern its organization, administration, and operations.

Board approval of key general policies is essential, as these policies should set out the Board's expectations for the operations of the organization. Inappropriately designed and approved procurement policies and delegations of authority can present significant financial, legal, and reputational risks to the organization.

5. We recommend that Board of Directors of Northlands College approve the College's key policies related to the purchase of goods and services.

¹³ Before June 2018, the College delegated authority to directors and managers for purchases within their own budget area (e.g., information technology, academic programming, facilities), with no established limits.

¹⁴ Section 14 of *The Regional Colleges Act* requires the College to obtain approval from the Minister of Advanced Education for the purchase of real property and for the construction or renovation of buildings or other facilities required for the purposes of the College. The Ministry provides the College with approval for capital projects within its annual funding letters, prior to the College beginning construction.

4.7 Suppliers in Competitive Procurements Identified and Selected Consistent with Policy

Where its policy requires the use of competitive procurement methods, the College appropriately initiated quotes and tenders based on identified needs, and evaluated responses to them consistent with its policy.

In July 2017, the College centralized purchasing under the Vice President of Finance and Operations. The College hired a purchaser in February 2018 to help the Vice President in managing the purchasing function. Previously, the College did not centrally oversee the initiation of purchases; rather staff at each of Northlands' campuses could initiate a purchase of goods and services independently.

For four quotes and five tenders we tested, the College:

- Used guidelines in its procurement policy to determine which procurement methods to use (e.g., request for at least three quotes for purchases over \$10,000, public tender for purchases of goods and services over \$75,000)
- Documented the identified need for the good/service within related request for quotes or proposals to potential suppliers, or within tender documents^{15,16}
- Authorized the initiation of the purchase consistent with its delegation of authority policy
- Clearly defined specifications (e.g., details of the goods or services required, methods for responding, timeline, evaluation process) to enable suppliers to understand the College's expectation, and prepare a bid; specifications included other requirements and relevant authorities (e.g., suppliers' compliance with *The Employment Standards Act*, National Building Code) where necessary
- When necessary, posted the tenders on the SaskTenders website (for tenders)
- Collected responses to tenders via email or directly by someone who is independent from the tender evaluation process
- Used its responses to the request for quotes/proposals or tenders to identify suppliers
- Included, in its tender documents, mandatory requirements of suppliers, and criteria it will use to evaluate the supplier when awarding the tender
- Used appropriate staff to evaluate supplier responses; the Vice President of Finance and Operations, along with other relevant staff (e.g., purchasing, facilities, information technology) evaluated suppliers' responses to quotes and tenders
- Appropriately approved the selection of suppliers based on the lowest bid (for quotes) or the selection criteria (for tenders) within a reasonable timeframe; successful

¹⁵ When applicable, staff also determine other purchasing requirements (e.g., warranty, delivery, packaging), with involvement from the VP Finance and Operations or the Facilities Manager as necessary.

¹⁶ The College also identifies its capital needs when making funding requests to the Ministry of Advanced Education that includes analysis of the need for related capital and preventative maintenance purchases.



suppliers were those with the lowest bid (for quotes) or with the highest score based upon the College's evaluation criteria (for tenders)

In the five tenders we tested, the tender documents did not describe the College's policy about the use of local supplier preference when selecting suppliers. See **Section 4.1**—the College's alignment of its purchasing requirements with applicable external trade agreements will help reduce the risk of the College treating suppliers unfairly or inequitably.

Following its competitive procurement method policies for buying goods and services helps ensure staff treat suppliers equitably and fairly, and helps the College buy goods and services at a fair price.

4.8 Tender Communications with Suppliers Inconsistently Maintained

While the College appropriately selected the suppliers for tenders, it did not consistently maintain appropriate documentation of communications with suppliers during the tender process.

For the five tenders we tested, the College did not:

- Maintain documentation supporting communication of a tender to suppliers for one purchase—it communicated this tender through phone calls and faxes with potential suppliers.¹⁷
- Maintain documentation surrounding the tender award communication for two purchases—College staff communicated with the successful suppliers through phone calls. For these instances, we were unable to assess whether the College approved the supplier selection before it communicated with the successful supplier or whether the communication occurred timely.
- Comply with the external trade agreements regarding posting a contract award notice on the SaskTenders website for two purchases—when agencies use SaskTenders for procurements, they must also post contract award notices on the website.

If the College does not maintain appropriate documentation of its communications with suppliers, it can be difficult for the College to demonstrate that its purchasing process is fair and transparent and it may be in violation of external trade agreements.

6. We recommend that Northlands College maintain appropriate documentation of its tender communications with suppliers.

¹⁷ In this instance, the College internally managed the tender rather than posting it to the SaskTenders website, as it did not exceed the thresholds set out in its procurement policy or in the external trade agreements.

4.9 Standard Tendering Time Not Established

The College has not established a standard minimum amount of time to ensure suppliers have sufficient time to submit responses to tenders. In addition, it did not always keep documentation of the tendering time it provided.

Good practice suggests 25 to 35 days is sufficient time to allow suppliers to respond to tenders.¹⁸

For one of the five tenders we tested, the College allowed a tendering time of only 17 days and received a bid from only one supplier. The College may not have provided suppliers with sufficient time to respond to the tender. For another one of the five tenders we tested, the College did not keep documentation about the length of tendering time it provided.

Not providing suppliers with sufficient time to prepare tender responses increases the likelihood of suppliers choosing not to respond, resulting in the College having fewer options to acquire the goods or services it needs. Fewer options may increase the risk of not achieving best value. Also, establishing standard minimum amounts of time helps ensure it treats suppliers fairly and equitably.

7. We recommend that Northlands College establish a standard minimum amount of time to allow suppliers to respond to tenders.

4.10 Contract Templates Not Sufficiently Robust

The standard contracts that the College maintains do not include clauses or provisions common to purchasing those types of goods or services.

The College maintains contract templates for the following types of purchases:

- Standard service contract—used for a variety of services, such as consulting, educational services, facilities maintenance, and janitorial services
- Training services agreements—used when contracting external parties to deliver courses to students
- Standard purchase order for other types of purchases

Our review of the College's contract templates found that they do not consider or include all clauses that may be necessary in a contract. We found:

- Its standard service contract for facilities maintenance (e.g., construction, renovations) did not include clauses related to performance or insurance requirements
- Its standard training services agreement did not contemplate privacy or confidentiality provisions, even though suppliers that train the College's students may have access to student data or records

¹⁸ Adapted from information provided by the Saskatchewan Ministry of Trade and Export Development. To assist government agencies, the Ministry prepared a document that summarized agencies' procurement obligations under domestic and international trade agreements.



- Its standard purchase order did not contain terms and conditions pertaining to delivery, liability, or authorization of changes to terms and conditions

Maintaining robust standard wording of contracts (contract templates) helps organizations save time on purchasing activities, and can reduce legal costs. They can also help both staff and suppliers to consider key aspects common to purchasing certain types of goods and services. Not having robust contract templates increases legal or financial risks where signed contracts do not sufficiently address relevant contract terms.

- 8. We recommend that Northlands College assess the robustness of the contract templates it uses for purchasing goods and services.**

4.11 Contract Documentation Not Always Timely or Consistently Maintained

The College did not consistently maintain timely or complete documentation of contracts with suppliers.

For 19 of the 28 purchases we tested (made through quotes, tenders, and single or sole sourced procurement methods), the College appropriately used and authorized the contracts or purchase orders for these purchases. However, for 9 of the 28 purchases tested, we found:

- Four purchases where the College signed the contract after the work or program started instead of beforehand as best practice expects
- Two purchases where the College did not maintain complete contract documentation—for one purchase, the supplier did not sign the contract, and for the other, the contract was not dated
- Three purchases where the College could not locate the contracts

If suppliers provide goods or services to the College before finalizing a contract, suppliers may not fully understand their responsibilities to the College—potentially resulting in suppliers not meeting the College’s needs.

Not maintaining complete documentation of signed contracts makes it difficult to hold suppliers accountable for providing goods and services when performance issues arise.

- 9. We recommend that Northlands College maintain complete documentation of contracts with suppliers, and finalize them before receiving the related goods or services.**

4.12 Documentation of Validity of Supplier Information and Separation of Incompatible Duties Needed

The College does not document due diligence procedures taken to confirm the validity of suppliers before paying them, or properly maintain its listing of suppliers included in its

financial system. In addition, one individual with the ability to enter new suppliers into its financial system can approve invoices for payment and other financial transactions.

Unfortunately, in today's world, organizations must proactively take steps to avoid the risk of fictitious suppliers. Statistics Canada reports that frauds committed by individuals other than employees were more likely to strike business establishments than employee-perpetrated frauds.¹⁹

Good practice is to carry out due diligence procedures to confirm the validity of new suppliers prior to initiating purchase activity with them. **Figure 4** sets out examples of such procedures.

Figure 4—Due Diligence Procedures for Validating New Suppliers

Examples of due diligence procedures include:

- Comparing the supplier mailing address against the mailing addresses of employees
- Checking suppliers using a post office box as a mailing address to verify their legitimacy
- Verifying each supplier has an assigned GST number and telephone number—and then verifying correctness of this data
- Confirming ownership of the supplier company, and actively looking for any potential employee, board member or other key party conflicts (consider declarations of conflicts)

Source: Information compiled by the Office of the Provincial Auditor from various sources.

In addition, good practice is to assign responsibility for reviewing new suppliers to someone that is not responsible for initiating purchases, receiving goods/services, or approving payments. Also, periodically reviewing details about suppliers listed within the financial system (e.g., reviewing the listing for duplicate records, populating missing fields, or deactivating unused suppliers) helps reduce the risk of fraud and sending payments to the wrong supplier.

At November 2018, the College's financial system maintains details on about 4,700 different suppliers (e.g., names, addresses, contact information, tax information, last payment date). The College uses this information when issuing purchase orders, setting up accounts payable, and paying supplier invoices.

The College informally confirms the validity of suppliers when selecting suppliers, and approving invoices for payment before it enters them in its financial system. Management noted that, occasionally, the College may research the validity of a new supplier prior to making a purchase. The College does not document steps taken or the results. The College's purchasing policies or guidance does not require it to do so.

For each of 24 new suppliers in the College's financial system we tested, the College could not show us that it had confirmed validity of the supplier. We assessed the validity, through internet searches and review of invoices, of each of these suppliers, and found each of them were valid.

In addition, we analyzed supplier information in the College's financial system. Our comparison of supplier addresses to employee addresses did not identify any fictitious suppliers.

¹⁹ www150.statcan.gc.ca/n1/pub/85-571-x/2009001/part-partie1-eng.htm (11 March 2019).



However, we found that the College did not make sure its financial system only listed relevant suppliers. The College had not made any payments within the last two years to almost 70% of the 4,700 suppliers listed in its financial system.

Not carrying out sufficient due diligence procedures to confirm the validity of suppliers before entering them into the financial system increases the risk making of payments to fictitious suppliers.

Also, periodic maintenance of suppliers included in the financial system can reduce the risk of duplicate or fraudulent payments and help monitor the existence of fictitious suppliers.

10. We recommend that Northlands College document its due diligence procedures carried out to validate suppliers before entering them into its financial system, and keep the supplier listing in its financial system up-to-date.

In addition, we found the College, through its assignment of IT user access, has given one individual incompatible responsibilities; this individual can approve invoices for payments, enter payments into the financial system, and add suppliers to the College's financial system.

Allowing users with the ability to approve or enter payments into the financial system, in addition to the ability of adding suppliers, does not appropriately separate incompatible duties. Not appropriately separating incompatible duties between different individuals increases the risk of fraud, and not detecting errors. See **Recommendation 11** about separating incompatible purchasing duties.

4.13 Receipt of Goods and Services Not Always Separated from Approval

The College does not always separate incompatible purchasing duties—the receipt of goods and services from the approval of the related invoice for payment.

Separating the duty to initiate a purchase of a good or service and approving it for payment from its receipt is a standard control method. These purchasing duties (initiation of purchase and approval for payment, receipt of good/service) are incompatible. Separating them between different individuals prevents fraud, and limits the risk of errors going undetected.

Unless the staff member receiving a good or service is the most senior individual in the organization, another person is generally available to provide independent review and approval of the invoice. Small organizations that cannot always separate incompatible purchasing duties use additional review processes to monitor those transactions.

For 32 payments we tested, the College appropriately documented when and who received the goods or services, and paid the approved invoices within a reasonable timeframe, and at the correct amount.

However, for six of 32 payments we tested, the College did not appropriately separate purchasing duties (i.e., same person received the good or service, and approved the invoice for payment; same person initiated the purchase and approved the payment but no one documented receipt of the good or service). The size of these purchases ranged from about \$300 to \$7,500. The College does not require different individuals to initiate purchases, receive goods or services, and approve invoices for payment (see **Section 4.5**—delegation of authority does not distinguish between the authority to initiate a purchase and approving a payment). The College does not take additional steps to identify or monitor transactions when the same individual carries out more than one of these duties in an individual purchase.

Allowing the same individual to initiate a purchase, receive the goods or services, and approve the invoice for payment increases the risk of fraudulent transactions, and errors going undetected.

11. We recommend that Northlands College separate incompatible purchasing duties (e.g., initiating purchases, receiving goods or services, approving invoices for payment, adding suppliers to the financial system), and closely monitor transactions where it is not feasible to do so.

4.14 Minimal Supplier Performance Issues

Because the College uses a relatively small number of suppliers regularly, it takes an informal approach to the management of supplier performance issues.

As observed during our testing and discussions with management, the College did not have any significant supplier performance issues for the 12-month period ending November 2018 that required the College to take corrective actions with a supplier.

5.0 SELECTED REFERENCES

Provincial Auditor of Saskatchewan. (2018). 2018 Report – Volume 1, Chapter 10, Saskatchewan Water Corporation – Purchasing Goods and Services. Regina: Author.

Provincial Auditor of Saskatchewan. (2017). 2017 Report – Volume 1, Chapter 13, SaskTel – Purchasing Fibre Optic Network Upgrade and Other Network Hardware. Regina: Author.

Provincial Auditor of Saskatchewan. (2015). 2015 Report – Volume 2, Chapter 34, Health Shared Services Saskatchewan – Shared Procurement. Regina: Author.

Provincial Auditor of Saskatchewan. (2015). 2015 Report – Volume 2, Chapter 38, Saskatchewan Polytechnic – Procuring Goods and Services. Regina: Author.

Provincial Auditor of Saskatchewan. (2014). 2014 Report – Volume 2, Chapter 38, Saskatoon School Division No. 13 – Goods and Services Procurement Processes. Regina: Author.

Provincial Auditor of Saskatchewan. (2013). 2013 Report – Volume 2, Chapter 32, University of Regina – Procurement and Disposal Audits. Regina: Author.

Chapter 10

Saskatchewan Crop Insurance Corporation – Managing Succession of Human Resources

1.0 MAIN POINTS

In 2016-17, the Saskatchewan Crop Insurance Corporation made succession management one of its key corporate strategies because about 50% of the Corporation's staff were eligible for retirement (i.e., aged 50 and over).

To operate and administer its programs, the Corporation employs qualified staff including agricultural representatives, consultants, specialists, and managers. In 2018, the Federal Government listed these occupations as in demand in Saskatchewan.

This chapter reports the results of our audit of the Corporation's succession management processes. For the 12-month period ending January 31, 2019, the Corporation had effective succession management processes, other than in the following areas. The Corporation needs to:

- Set timeframes to complete specific succession management processes. Setting timeframes would assist the Corporation in completing key steps of its processes consistently and within a reasonable time. It would also ensure that the Corporation uses the most relevant data during its annual succession management planning.
- Periodically evaluate the effectiveness of its succession management processes. Identification and collection of key baseline data will enable the Corporation to assess its success. In addition, evaluating and adjusting existing processes (where issues are identified based on the evaluation) helps in continuously improving succession management.

Strong succession management processes helps to ensure the Corporation has the right people, with the right skills, in the right job.

2.0 INTRODUCTION

2.1 Background

The Saskatchewan Crop Insurance Corporation administers business risk-management programs for the agriculture sector in Saskatchewan on behalf of the Ministry of Agriculture. It operates under the authority of *The Saskatchewan Crop Insurance Corporation Act*. The main business risk-management programs include crop insurance



(AgriInsurance) and AgriStability.^{1,2} In addition, the Corporation administers the Western Livestock Price Insurance Program.³

The Corporation is responsible for ensuring it has sufficient and appropriate staff to carry out its goals and objectives including administering business-risk-management programs.

2.2 Plans to Address Emerging Vacancies

The Corporation's head office is located in Melville where about 45% of its employees work. In addition, it employs staff in three different regions. Each region has seven different regional offices; and each regional office has about three staff.

Each year, the Corporation spends about \$23 million on salaries and benefits.⁴ At March 2019, the Corporation employed 458 staff with 362 permanent full time equivalent positions and 30 temporary full-time equivalent positions (2018: 454 staff with 362 permanent full-time equivalent positions and 21 temporary full-time equivalent positions).⁵

In 2016-17, the Corporation made succession management one of its key corporate strategies because about 50% of the Corporation's staff were eligible for retirement (i.e., aged 50 and over).⁶ See **Figure 1** for details.

Figure 1 – Staff Eligible for Retirement (age 50 and older) by Staff Category at November 2018

Staff Category	Number of Employees Eligible for Retirement	Number of Employees within Category	% of Employees Eligible for Retirement
Executive management	2	9	22%
Management	26	48	54%
Insurance adjusters	105	138	76%
Field supervisors	11	20	55%
Other	102	259	39%
Total	246	474	52%

Source: Saskatchewan Crop Insurance Corporation's records.

From 2013 to 2018, the average age of the Corporation's staff at retirement was 66 years.

Figure 2 shows the Corporation's projected retirements.⁷

¹ The crop insurance program is a production insurance program. It provides insurance for crops that experience a loss of yield. The insurance program provides coverage in the event a crop fails to grow or excess moisture prevents a crop from being seeded. www.saskcropinsurance.com/ci/ (28 March 2019).

² AgriStability is a margin-based program that provides income support when a producer experiences larger income losses. Saskatchewan Crop Insurance Corporation *Annual Report for 2017-18*, p.5.

³ The Western Livestock Price Insurance Program enables livestock producers to protect themselves against unexpected price declines through the purchase of insurance coverage. www.saskcropinsurance.com/wlpiip/ (28 March 2019).

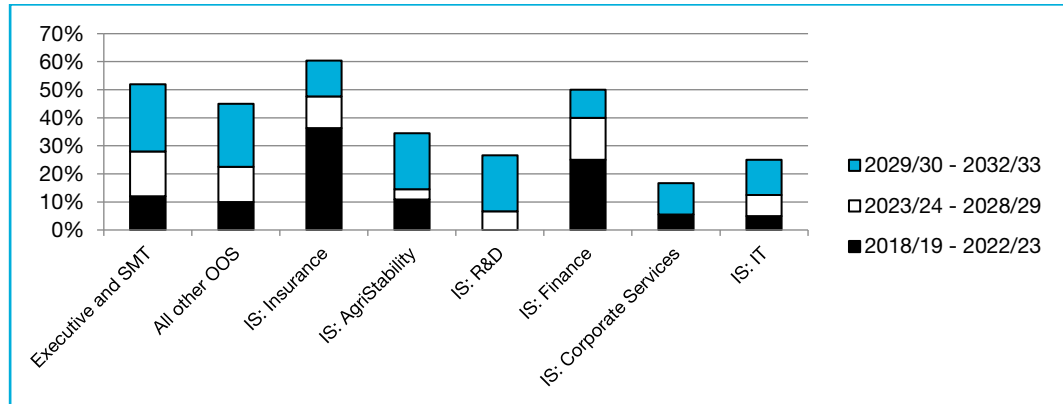
⁴ Saskatchewan Crop Insurance Corporation, *Annual Report for 2017-18*, p.25.

⁵ Saskatchewan Crop Insurance Corporation, *Strategic Workforce Plan for 2018-19*, p.17 and Saskatchewan Crop Insurance Corporation's human resource records.

⁶ At April 2018, about 15% of the Corporation's employees are aged 35 and under, 28% are between 36 and 49, 43% are between 50 and 64, and 14% are 65 years or older.

⁷ Saskatchewan Crop Insurance Corporation, *Strategic Workforce Plan for 2018-19*, p.14.

Figure 2—Projected Retirements by Area (includes permanent and non-permanent employees)



Source: Saskatchewan Crop Insurance Corporation *Strategic Workforce Plan 2018-19*, p. 14.

SMT– Strategic Management Team

OOS – Out-of-Scope Employees

IS – In-scope employees

The Corporation’s Strategic Plan includes key actions related to succession management. See **Figure 3**. The Vice President, Corporate Services is responsible for succession management processes. The Human Resources Unit leads succession management for the Corporation and is comprised of eight staff.

Figure 3—Recent Key Actions Related to the Corporation’s Succession Management Planning

Strategic Plan	2017-18 to 2020-21	2018-19 to 2021-22
Goal	<i>Provide effective and efficient program and resource management.</i>	<i>A great place to work</i>
Strategy	<i>Align resources, appropriate tools and infrastructure to deliver programs and services. Implement SCIC’s succession management plan.</i>	<i>Attract, develop and retain an engaged, high performing workforce</i>
Key Action	<i>Succession planning acknowledges that staff will not be with an organization indefinitely. It provides a plan and process for addressing the changes that will occur when employees leave. Most succession planning focuses on the most senior managers, but other positions are also considered depending on SCIC’s operations and key skill sets required to maintain and enhance delivery of our programs.</i>	<i>Implement the Strategic Workforce Plan</i>

Source: Saskatchewan Crop Insurance Corporation *2017-18 to 2020-21 Strategic Plan* and *2018-19 to 2021-22 Strategic Plan*.

The Corporation’s Annual Reports directly refers to succession management activities. For example, its *Annual Report for 2016-17* reported the development of a succession management framework.⁸ Its *Annual Report for 2017-18* reported the implementation of a succession management plan.⁹

To operate and administer programs, the Corporation employs qualified staff including agricultural representatives, consultants, specialists, and managers. The Federal Government lists these occupations as in demand in Saskatchewan.¹⁰

⁸ Saskatchewan Crop Insurance Corporation, *Annual Report for 2016-17*, p.12.

⁹ Saskatchewan Crop Insurance Corporation, *Annual Report for 2017-18*, p.12.

¹⁰ www.immigration.ca/saskatchewan-adds-7-new-jobs-to-occupations-in-demand (28 March 2019).



Succession management helps ensure an agency retains an effective workforce to enable achievement of its strategic objectives. It helps mitigate multiple human resource risks that an agency might face simultaneously (e.g., the retirement of an individual in a key position and not having any qualified staff to fill that position within a reasonable period).

3.0 AUDIT CONCLUSION

We concluded that, for the 12-month period ending January 31, 2019, Saskatchewan Crop Insurance Corporation had effective succession management processes, other than in the following areas. The Corporation needs to:

- **Set timeframes to complete specific succession management processes**
- **Evaluate the effectiveness of its succession management processes**

Figure 4—Audit Objective, Criteria, and Approach

Audit Objective: To assess the effectiveness of Saskatchewan Crop Insurance Corporation's succession management processes for the 12-month period ending January 31, 2019.

Audit Criteria:

Processes to:

1. Align Succession Management Planning with Organization's Strategy
 - 1.1 Identify key areas of linkage to long-term strategy
 - 1.2 Identify key competencies and/or key positions required to achieve strategy
 - 1.3 Estimate when the organization will require key competencies and/or key positions (e.g., when position will become vacant, when planned organizational changes will require competencies, etc.)
2. Identify Current and Future Availability of Required Competencies
 - 2.1 Assess experience and key competencies of internal talent
 - 2.2 Consider sources and availability of external talent
 - 2.3 Analyze the impact on the organization's ability to achieve its long-term strategy if a shortage of key competencies exist
3. Integrate Succession Management Planning into Human Resource Processes
 - 3.1 Establish development plans for key competencies and key positions (e.g., transfer knowledge, job rotation, training, etc.)
 - 3.2 Incorporate development plans into human resource plans (e.g., training plans)
 - 3.3 Link succession planning to recruitment strategies used to acquire external talent
4. Monitor Implementation of Succession Management Planning
 - 4.1 Evaluate success of implementing succession management planning (e.g., talent identified and expect to be available for all key positions and competencies)
 - 4.2 Report progress to senior management and the Board
 - 4.3 Modify succession management planning as needed

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 Corporation's processes, we used the above criteria based on our related work, reviews of literature including reports of other auditors, and consultation with management. The Corporation agreed with the above criteria.

We examined the Corporation's policies and procedures that related to succession management processes. We interviewed Corporation staff responsible for succession management processes. In addition, we reviewed related documentation (e.g., plans, reports, documented procedures, etc.). We tested key aspects of the Corporation's processes including identification of key positions, identification and assessment of staff participating in succession management, staff development plans, and whether staff were following the development plans. We consulted with internal staff with subject matter expertise.

4.0 KEY FINDINGS AND RECOMMENDATIONS

4.1 Key Job Positions Effectively Identified

The Corporation follows well-established processes to identify key job positions.

In 2016, the Corporation developed a Strategic Workforce Plan.¹¹ As part of its Strategic Workforce planning, the Corporation developed a Succession Management Plan. In April 2018, management reported to the Corporation's Board that it had implemented the Succession Management Plan.

We found that the Corporation followed the steps set out in its Strategic Workforce Plan to identify key positions and competencies. For each of these key positions, it identified key competencies such as service excellence, communication, performance management, and planning and risk management.

Key steps followed included:

- Assessing each job position to determine priority by calculating criticality scores and imminence of retirement scores. The calculation of criticality scores takes into account an assessment of factors related to strategic/business impact, and the skills/labour market.^{12,13} The imminence of retirement scores takes into account the incumbent's age and years of prior service with the Government.
- Based on the criticality and imminence of retirement scores, the Corporation uses a priority grid to determine the key positions (see **Section 5.0** for an example of a priority grid that the Corporation uses). It defined key positions as those that are responsible for delivering on corporate priorities, or have a critical influence on achieving operational and strategic goals.¹⁴ The Corporation calculated criticality scores in its 2015-16 fiscal year. It calculated imminence of retirement scores in 2015-16, and last updated them in 2017-18.

The Corporation identified 21 key positions out of a total of 92 unique job positions. In 2017-18, it identified 12 key positions, and in 2018-19, it identified an additional nine key positions. For example, the key positions included the President, the vice-presidents, and executive directors.

- For 19 of 21 positions it determined as key, the Corporation identified possible candidates on staff. For the other two positions (e.g., communication consultant), the Corporation decided to hire externally. It appropriately updated its Strategic Workforce Plan to include these decisions.

¹¹ Page 6 of the Strategic Workforce Plan defines strategic workforce planning as identifying, assessing, developing and sustaining employee workforce skills required to successfully accomplish business goals and priorities while balancing the needs and expectations for employees. Components of the Strategic Workforce Plan include talent management, career development, performance management, corporate learning, and succession management.

¹² Strategic or business impact included assessing how much influence the position has on the Corporation's strategic direction, goals and objectives; assessing the level of accountability the position has for the achievement of the outcomes, etc.

¹³ Skill or labour market included assessing the level of expertise required for the position, assessing the availability of those skills in the labour market, etc.

¹⁴ Saskatchewan Crop Insurance Corporation, *Succession Management Plan*, p. 2.



4.2 Key Competencies Effectively Identified

The Corporation follows well-established processes to maintain a comprehensive competency model.

The Corporation maintains a competency model listing 13 competencies directly related to the Corporation's key values, and the achievement of the Corporation's strategic direction.

The Corporation uses this model to support various human-resources activities. For example, when hiring, the Corporation uses the model to develop competency profiles for job descriptions (i.e., match people with certain competencies to jobs that requires those specific competencies). It also uses the model for succession management planning to identify a shortage of a particular expertise or skills, or the risk of critical knowledge loss as employees retire.

We found that the Corporation frequently uses the competency model and keeps it current.

4.3 Potential Successors Properly Identified and Provided with Appropriate Learning Opportunities

The Corporation effectively follows well-established processes to assess experience and key competencies of potential successors.

Corporate management and the Human Resources Branch use a collaborative approach to implement a development plan for each potential successor. As part of the development plan, the Corporation provides its potential successors with appropriate learning opportunities based on a robust Blended Learning Model.^{15,16}

The Corporation established effective processes to identify potential successors including:

- Having the incumbent formally nominate potential candidate(s) by completing a *Succession Management Candidate Nomination Form*. This form includes an assessment of the candidate using the 13 competencies that the Corporation identified.
- Using both the incumbent position's supervisor and Human Resources staff to review the forms
- Obtaining the President's approval of each potential candidate
- Requiring each potential candidate to complete a Candidate Profile¹⁷

¹⁵ The Blended Learning Model consists of 70% of competencies developed by doing the job or similar activities, 20% from other sources such as mentoring, and 10% from formal training.

¹⁶ For more information on the Blended Learning Model, see <http://www.ccl.org/wp-content/uploads/2015/04/BlendedLearningLeadership.pdf%20> (05 April 2019).

¹⁷ A candidate profile is a self-assessment of skills, experience, and evaluation of each of the 13 competencies.

- Formally interviewing a potential candidate with the two interviewers documenting the interview results in a Succession Management Candidate Interview Guide

The Corporation identified 28 possible candidates for the succession of 19 of its key positions.

For some key positions, the Corporation has identified more than one potential successor. This increases the potential that the Corporation can fill the position with an internal candidate who has the necessary skills.

Our test of five potential successors' files that participated in the 2017-18 succession management process found that the Corporation adequately followed the process.

The Corporation set out a collaborative approach for establishing and implementing development plans. The potential successor's supervisor and Human Resources staff worked together to create a succession management development plan. The potential successor and supervisor are responsible for implementing the development plan.

For two potential successors, we discussed the process of establishing and implementing development plans with each of them, and reviewed each of their respective development plans. We found that the appropriate individuals were involved throughout the process.

For each of the five development plans we tested, the Corporation effectively followed the Blended Learning Model. **Figure 5** describes our findings.

Figure 5—Our Audit Results for Following the Blended Learning Model

Blended Learning Model Activity	Audit Results for Five Development Plans	Examples identified when Testing
On-the-job learning (70%)	Each of the five potential successors had opportunity to have on-the-job learning.	<ul style="list-style-type: none"> - Potential successors filled in for their supervisor when needed - Chaired Agriculture Awareness Team
Mentoring, coaching, shadowing (20%)	Each of the five potential successors completed these types of tasks.	<ul style="list-style-type: none"> - Received coaching from mentor - Shadowed incumbent on a committee
Training (10%)	Each of the five potential successors took at least some of the various courses as indicated in their development plans.	<ul style="list-style-type: none"> - Completed policy workshop from Johnson Shoyama Graduate School - Attended Strategic Thinking training

4.4 Timeframes for Completing Key Processes Required

The Corporation had not established timeframes for completion of the following specific key succession management processes:

- Frequency of calculation of imminence of retirement scores: The Corporation last calculated these scores in 2017-18. It did not calculate them in 2018-19 even though management indicated that they planned to calculate them annually.



The Corporation's imminence of retirement calculation assesses when a position could become vacant through retirement.

- Frequency of calculation of criticality scores: The Corporation calculated the criticality scores once in 2015-16. While management indicated it wanted to recalculate the scores again, it had not set a date.

Management estimates the likelihood that it will lose a particular staff as part of assessing and calculating a criticality score for that job position. One of the considerations in the calculation of the criticality score is an assessment of the likelihood that the incumbent will leave their position within the next two to three years through either retirement or voluntary resignation. In addition, the primary purpose of the criticality score is to assess the importance of the position overall.

- Completion of interviews of potential successors: At January 31, 2019, the candidates that the Corporation identified during the 2018-19 succession management process were in various stages of the process (interview, candidate profile, etc.). Management has not set a timeframe for completion of this work.
- Assessment of when the Corporation will need competencies and to fill key positions: it did not consider potential future events such as promotions or leaves (e.g., parental) to identify when it will require key competencies and positions. Rather its primary focus is on staff retiring from current job positions. Management did not set a timeframe for completion of development plans based on its estimate of when it will need key competencies and when it will need to fill key positions.

Setting timeframes (e.g., annually, every three years) or identifying events (e.g., turnover of incumbents in key positions, restructuring, etc.) that would trigger a recalculation of criticality scores and imminence of retirement scores would ensure that the Corporation uses the most relevant data during its annual succession management planning. Setting timeframes would also assist the Corporation in completing key steps of the processes within a reasonable time. For example, deciding on the number of months in which to create development plans after candidate identification. Having well-defined timeframes for specific succession management planning processes would help ensure the Corporation has the right staff at the right time.

1. **We recommend that the Saskatchewan Crop Insurance Corporation set timeframes in which to complete specific key succession management planning processes.**

4.5 Recruitment of External Talent to Fill Vacancies

The Corporation makes decisions to recruit externally when it has determined that there are no internal candidates with sufficient experience or competencies (e.g., position that requires technical skills), or if a potential candidate chooses not to participate in succession management (i.e., the potential candidate expresses they are not interested in changing positions).

Where the Corporation has identified that there is not sufficient internal talent for a specific key position, it does not assess the availability of external talent until it needs to fill that position. For the 12-month period ended January 31, 2019, the Corporation successfully recruited externally for two key positions that it required (i.e., Vice-President, Information Technology, and Executive Director, Accounting).

4.6 Evaluation of the Succession Management Processes Needed

The Corporation has not established a way to evaluate its succession management processes.

The Corporation's Succession Management Plan notes the importance of periodically evaluating the succession management processes. The Plan specifies the last step in the process is to evaluate effectiveness. The Corporation notes in its Strategic Workforce Plan that "An effective workforce plan ensures that an organization has and will continue to have the right people, with the right skills, in the right job, at the right time performing their assignments successfully."¹⁸

As of January 2019, the Corporation did not identify any measures to assess the success of its succession management processes.

In addition, it has not considered whether data included in its Strategic Workforce Plan is suitable as baseline data. The Plan contains data on the average age of employees retiring, average years of service, retirement projections by division (for the next 15 years), voluntary turnover rates, and a list identifying positions at risk of having an anticipated skill shortage. In addition to these measures, other measures may be appropriate such as time to fill vacant positions.

Not identifying and collecting key baseline data could place the Corporation at risk of not being able to assess its success. In addition, evaluating and adjusting existing processes (where issues identified based on the evaluation) helps in continuously improving succession management.

2. We recommend that the Saskatchewan Crop Insurance Corporation establish a method to periodically evaluate the effectiveness of its succession management processes.

Management indicated that the Corporation considers movement (i.e., a change in job position) of succession management candidates as a measure of success.

We reviewed the movement of the candidates related to the 12 key positions identified in 2017-18 Succession Management Plan and found the following:

- Two candidates moved into the roles for which they were nominated
- One candidate was promoted to a manager role (different than originally identified)—this shows that the succession management processes increased the skills of the candidate to enable them to qualify for a higher position

¹⁸ Saskatchewan Crop Insurance Corporation, *Strategic Workforce Plan*, p. 6.



- Three candidates took some other initiatives (e.g., acted as a mentor for new hire and indirectly supervised staff, took roles within workplace culture committees)
- The Corporation hired externally for two key positions to which it had planned

4.7 Board Updated Regularly

Management and the Board receive periodic updates on succession management processes.

The Corporation sets its long-term strategies in its Strategic Plan. The Board approved the Corporation's Strategic Plan. Its *2018-19 to 2021-22 Strategic Plan* explicitly outlines vision, mission, values, strategic priorities, and details on how to achieve each strategic priority (goal, strategy, key actions). The Strategic Plan includes actions related to succession management. Succession management is included as part of the Strategic Workforce Plan under the strategic priority of Leadership.

The Corporation's Strategic Workforce Plan contains detailed human resources strategies for 2018-19 to 2020-21. It outlines four pillars: inform, attract, develop, and retain. The Succession Management Plan falls under the retention part of the overall workforce strategy.

We found that Human Resources staff actively monitor the succession management processes, and give updates to the Human Resources Executive Director each quarter. For example, the October 2018 report tracks the information on the key positions included in the Corporation's succession management plans, the number of potential successors identified, and the number of succession management development plans created.

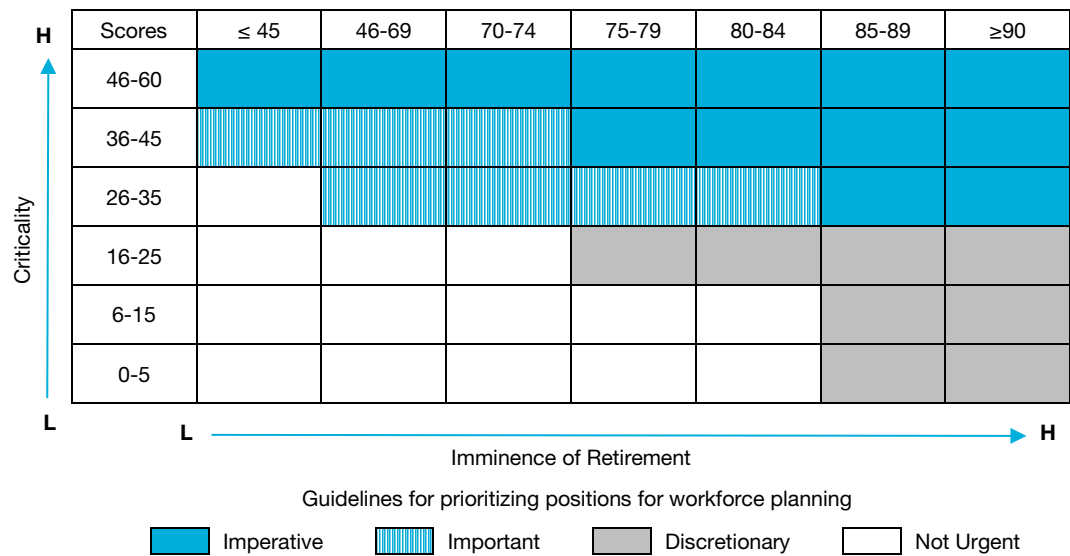
The Corporation annually updates the Board on succession management processes. We found the April 2018 update to the Board indicated that the Corporation developed and implemented a comprehensive succession management process. It sufficiently described the steps followed, the positions included in 2017-18 succession management planning, and the additional positions planned to be included in 2018-19 succession management planning.

In addition, the Corporation reports on its succession management in its Annual Report (e.g., reported the development and the implementation of its succession management framework).

5.0 PRIORITY GRID EXAMPLE THE CORPORATION USES

The following is an example of a priority grid that the Corporation uses to determine which positions are considered as key. It is also referred to as a Heat Map.

Based on the calculated criticality scores and imminence of retirement scores, the Corporation plots positions on the grid. The Corporation considers positions in the imperative category as key. See related findings in **Section 4.1** and **Section 4.4**.



6.0 SELECTED REFERENCES

- Calgary City Auditor's Office. (2017). *Human Resources – Succession Planning Audit*. Calgary: Author. <https://pub-calgary.escribemeetings.com/filestream.ashx?DocumentId=1014> (18 April 2019).
- City of Independence, Missouri. (2016). *Review of Succession Planning Policies*. Independence: Author. www.ci.independence.mo.us/UserDocs/MgmtAnalyst/Succession_Planning_Report_FIN_AL_9-19-16.pdf (18 April 2019).
- Government of Alberta. (2012). *Succession Planning – Retaining Skills and Knowledge in Your Workforce*. Edmonton: Government of Alberta, Human Services. <https://open.alberta.ca/dataset/f0b35827-1a33-4006-9154-14e36a13bda9/resource/b9fbd149-127c-4044-8235-2fd29fef0bf6/download/6069872-2012-succession-planning-retaining-skills-and-knowlwdge-2012-09.pdf> (18 April 2019).
- Office of the Provincial Auditor of Saskatchewan. (2007). *Workers' Compensation Board Succession Management Processes*. Regina: Author.
- Rabin, Ron. (2014). *Blended Learning for Leadership – The CCL Approach*. Greensboro: Centre for Creative Leadership. www.ccl.org/wpcontent/uploads/2015/04/BlendedLearningLeadership.pdf (05 April 2019).
- Secretary of State of Oregon. (2017). *Department of Administrative Services Should Enhance Succession Planning to Address Workforce Risks and Challenges*. Salem: Author. <https://sos.oregon.gov/audits/documents/2017-21.pdf> (18 April 2019).

Chapter 11

Saskatchewan Government Insurance—Monitoring Fines from the Automated Speed Enforcement Program

1.0 MAIN POINTS

Unsafe speed continues to be a serious concern in Saskatchewan. Speed and aggressive driving are a key cause of collisions. Failure to properly monitor vehicle speed increases the risk of vehicle collisions. Vehicle collisions put the lives of drivers and passengers in the vehicle speeding, and in the vehicle(s) in which they collide at risk.

Saskatchewan Government Insurance, on behalf of the Auto Fund, operates the Automated Speed Enforcement Program under *The Traffic Safety Act* and related regulations. *The Traffic Safety Act* allows for the use of photographs of a vehicle from speed monitoring devices. In September 2018, the Government announced that it had decided to continue with the Program on a permanent basis.

We found SGI had effective processes in place to monitor that the fines issued from its automated speed enforcement program were accurate and reliable for the 12-month period ended September 30, 2018, other than SGI needs to:

- Maintain formal written enforceable contracts with each party key to delivering its automated speed enforcement program and consistently enforce the provisions within each of those contracts.

Operating under expired contracts may make it difficult for SGI to enforce the components of each contract. Not enforcing all provisions of each contract (e.g., inconsistent issuance of fines to out-of-province vehicles) results in inequitable treatment of registered vehicle owners.

- Periodically determine whether its service provider sufficiently maintains the integrity of data in the IT system used to process automated speed enforcement program fines.

Not periodically determining the integrity of data in the IT system may result in the IT system not being sufficiently protected and may affect the ability to issue fines timely. This increases the risk that fine information may not be readily available if challenged in court.

- Regularly determine whether rejected violations are consistent with its policies.

Improving the monitoring of rejected violations will allow SGI to better monitor that the service provider and applicable police services are issuing fines in compliance with SGI's expectations.



2.0 INTRODUCTION

The Saskatchewan Auto Fund registers vehicles, licences drivers, and provides related services to about 812,000 drivers and about 1.2 million vehicles and trailers in Saskatchewan.¹

2.1 Automated Speed Enforcement Program

Since June 2014, Saskatchewan Government Insurance, on behalf of the Auto Fund, operates the Automated Speed Enforcement Program under *The Traffic Safety Act* and related regulations. *The Traffic Safety Act* allows for the use of photographs of a vehicle from speed monitoring devices. It places restrictions on the use of photographs of a vehicle and speed monitoring devices. *The Traffic Safety (Speed Monitoring) Regulations* sets requirements about the use of speed monitoring devices in Saskatchewan.

SGI introduced this Program as a two-year pilot in response to recommendations of an all-party Special Committee on Traffic Safety.² In September 2018, the Government announced that it had decided to continue with this Program on a permanent basis.³ It made this decision based on a May 2018 evaluation of the pilot.⁴

The May 2018 evaluation reported that the pilot had a positive impact on both the frequency and the severity of collisions, especially speed-related collisions at the camera location corridor. In addition, it stated that the benefits of the pilot Program outweighed the cost to deliver the pilot, suggesting the program worked from a safety perspective. See **Figure 1** for a brief summary of the results of the evaluation.

Figure 1 – Reduction in Number of Speed-Related Collisions at High-Speed and School Zone Camera Location Corridors since Introduction of Automated Speed Enforcement Program to 2016

Camera Location Corridor	Baseline Average Annual Collisions before Program (January 2010 to December 2014)	Average Annual Collisions After Program (January 2015 to December 2016)	Per Cent Change in Average Annual Collisions From Baseline to 2016
High-Speed Location Corridors – Speed Related Collisions	97	45	-53%
School Zone Corridors – All Collisions ^A	99	55	-44%

Source: SGI Evaluation of the Photo Speed Enforcement Pilot Program in Saskatchewan Final Report (March 2015 – March 2017) www.sgi.sk.ca/documents/625510/627014/Photo+Speed+Enforcement+Evaluation+Report.pdf/49b180a0-a9b3-45af-9c41-f53a0a180040 (13 February 2019).

^A SGI did not track speed-related collisions in school zones separately as it did for high-speed locations.

¹ 2017-18 Saskatchewan Auto Fund Annual Report, p.9. The Auto Fund is responsible for these activities under *The Traffic Safety Act*.

² In 2013, the Government of Saskatchewan formed an all-party Special Committee on Traffic Safety that conducted extensive public consultation directed at enhancing road safety in Saskatchewan. Based on public submissions, the Special Committee on Traffic Safety recommended that SGI implement an automated speed enforcement pilot project.

³ www.saskatchewan.ca/government/news-and-media/2018/september/17/photo-radar (14 February 2019).

⁴ In May 2018, SGI published, on its website, its evaluation of the pilot Program. It concluded the pilot met its primary objectives, and the target violation rate at almost all camera locations.

www.sgi.sk.ca/documents/625510/627014/Photo+Speed+Enforcement+Evaluation+Report.pdf/49b180a0-a9b3-45af-9c41-f53a0a180040 (13 February 2019).

The Program fits within the Auto Fund's vision to achieve the safest roads in Canada while caring for customers.⁵ The Auto Fund's traffic safety goals are to prevent deaths and injuries due to traffic collisions by addressing driver, vehicle and road safety issues.⁶ By August 2020, the Auto Fund is targeting a 30% reduction in injuries and fatalities on Saskatchewan roads from 2010 to 2014 July to June averages.⁷

The overarching goal of the Program is "zero speeding fines, zero crashes." The Program target violation rate is less than 1% of drivers (exceeding a selected location-based speed threshold) for all camera locations.⁸ The primary objectives of the Program are:

- To provide a consistent deterrence to speeding
- To reduce the incidences of speeding
- To reduce speed-related collisions and resulting injuries and deaths

In addition, the Program reduces the need for manual policing enforcement of speeding in high-speed corridors and school zones giving enforcement officers more time to enforce other safety concerns and improves officer safety.^{9,10}

2.2 Significance in Saskatchewan

Unsafe speed continues to be a serious safety concern in Saskatchewan. In 2017, speeding accounted for 8% of the total fatal crashes in Saskatchewan (2015: 21%; 2013: 20%). Speed-related fatal collisions are more prevalent on high-speed provincial highways or rural roads (69%) than in urban locations (31%).

The Canadian Council of Motor Transport Administrators identified in its 2016 Road Safety Strategy that speed and aggressive driving were a key cause of collisions. It defines speed and aggressive driving as driving at speeds beyond posted legal limits on all road types in urban and rural settings, and drivers' behaviour deemed outside of socially acceptable norms that put other road users at risk of injury or contribute to crashes and casualties.¹¹

Studies have also shown that driving at a speed not appropriate for existing conditions or driving at a speed exceeding the posted speed limit increases the likelihood of collisions and casualties. The risk associated with collision severity increases exponentially with increasing vehicle speed. Similar studies have indicated that a 5% reduction in average speed will result in a 20% reduction in the likelihood of fatal collisions.¹²

Failure to properly monitor vehicle speed increases the risk of vehicle collisions. Vehicle collisions put the lives of drivers and passengers in the vehicle speeding, and in the vehicle(s) in which they collide at risk. It also puts pedestrians crossing the road

⁵ 2017-18 Saskatchewan Auto Fund Annual Report, p. 10.

⁶ Ibid., p. 10.

⁷ Ibid., p. 12.

⁸ www.sgi.sk.ca/documents/625510/627014/Photo+Speed+Enforcement+Evaluation+Report.pdf/49b180a0-a9b3-45af-9c41-f53a0a180040 (13 February 2019).

⁹ Ibid.

¹⁰ Enforcement (e.g., policing) of traffic safety laws is the responsibility of law enforcement – not SGI.

¹¹ crss-2025.ccmta.ca/files/RSS-2025-Report-January-2016-with%20cover.pdf (13 February 2019).

¹² www.sgi.sk.ca/documents/625510/627014/Photo+Speed+Enforcement+Evaluation+Report.pdf/49b180a0-a9b3-45af-9c41-f53a0a180040 (13 February 2019).



(e.g., in school zones) or walking on the sidewalk at greater risk of being hit. Actively monitoring the speed of vehicles prioritizes public safety on roads and highways.

Not effectively monitoring the automated speed enforcement technology and related process increases the risk of not securing and/or maintaining public confidence in the Program's ability to effectively enforce speed limits, and in turn, reduce speeds, and reduce speed-related collisions.

3.0 AUDIT CONCLUSION

We concluded that for the 12-month period ending September 30, 2018, Saskatchewan Government Insurance had, other than the following areas, effective processes to monitor that the fines issued from its automated speed enforcement program were accurate and reliable.

Saskatchewan Government Insurance needs to:

- **Maintain enforceable formal written contracts with each party key to delivering its automated speed enforcement program**
- **Consistently enforce provisions of its automated speed enforcement program contracts with participating municipal police services (e.g., consistently issue fines to out-of-province speeders)**
- **Periodically determine whether its service provider sufficiently maintains the integrity of data in the IT system used to process fines**
- **Regularly determine whether rejected violations are consistent with its policies**

Figure 2—Audit Objective, Criteria, and Approach

Audit Objective: To assess the effectiveness of Saskatchewan Government Insurance's processes to monitor that the fines issued from its automated speed enforcement program are accurate and reliable for the 12-month period ending September 30, 2018.

Accurate means roadside equipment captures the vehicle speed accurately, and fines are calculated in accordance with applicable legislation. Reliable means only the right vehicle owners receive fines when they should (i.e., when they exceed the speeding threshold), and do so within a reasonable timeframe.

We did not examine SGI's processes to select locations to use automated speed enforcement technology.

Audit Criteria:

Processes to:

1. Set clear responsibilities of key parties involved in issuing fines under the program
 - 1.1 Identify key parties
 - 1.2 Assign responsibilities in writing with key parties consistent with the law (e.g., between SGI, service provider, law enforcement)
 - 1.3 Specify service standards and reporting requirements
2. Oversee issuance of fines under the program
 - 2.1 Identify data required to monitor and issue fines
 - 2.2 Collect required data
 - 2.3 Determine that roadside equipment works as expected (e.g., service provider maintains roadside equipment)
 - 2.4 Monitor integrity of processes to issue fines (e.g., transfer of fine data between parties, IT systems used to issue fines operating as expected)
 - 2.5 Analyze information to identify issues with fines (e.g., trends in issued fines statistics, complaints)
 - 2.6 Promptly adjust program to resolve issues with fines as necessary

Audit Approach:

To conduct this audit, we followed the standards for assurance engagements published in the *CPA Canada Handbook – Assurance* (CSAE 3001). To evaluate SGI's processes, we used the above criteria based on our related work, reviews of literature including reports of other auditors, and consultations with management. SGI's management agreed with the above criteria.

We examined SGI's policies, procedures, contracts, and records related to monitoring the fines issued from its automated speed enforcement program. We interviewed relevant staff responsible for monitoring and administering the automated speed enforcement program, including staff of SGI's service provider. We tested samples of fines issued, violations not resulting in a fine, and other records (such as training of third party technicians that maintain roadside equipment, technicians' logs from daily roadside equipment testing, and camera calibration certificates).

4.0 KEY FINDINGS AND RECOMMENDATIONS

4.1 Roles and Responsibilities of Key Parties Clearly Defined

SGI identified the key parties necessary to deliver the Program. Contracts between SGI and key parties clearly and appropriately defined the roles and responsibilities of participating municipal governments and their applicable police services, and of its service provider.

At September 2018, the cities of Regina, Saskatoon and Moose Jaw (participating municipal governments) and the Ministry of Highways and Infrastructure participated in the Program along with their applicable police services.

Since the Program's inception, SGI uses a third-party service provider to install, maintain, and operate the technology for the Program, as well as process the identified violations. In general, police services of participating municipal governments and the Royal Canadian Mounted Police (for provincial highways) issue the speeding fines for vehicles identified as violating speed thresholds. Not all violations result in an issued fine.

See **Figure 3** for a summary of this process, and the key responsibilities of each party.

Figure 3—Summary of SGI's Automated Speed Enforcement Program Process

Service provider:

- Cameras take pictures of offending vehicles using laser technology. Laser technology detects and photographs vehicles exceeding a pre-set speed enforcement threshold with no immediate human interaction or traffic stop. The photograph shows the speeding vehicle's make, model and licence plate; and the camera technology records on the photograph information including the date, time, location and speed.
- Each day, technicians send picture files from the cameras to its processing locations, and maintain the cameras; technicians also move location of cameras, as required.
- At its processing locations, in its IT system, validate that the licence plate is legible (e.g., not obscured by snow, ice, a trailer hitch, etc.) using employees who are sworn in Saskatchewan as a Commissioner for Oaths.



For Vehicles Licensed in Saskatchewan	For Vehicles Licensed by other Canadian Provinces
<p>Service provider:</p> <ul style="list-style-type: none"> Gives SGI a list of licence plate numbers from legible photographs <p>SGI:</p> <ul style="list-style-type: none"> Gives service provider registered owner information for listed licence plate numbers <p>Service provider:</p> <ul style="list-style-type: none"> Validates that the registered vehicle information from SGI is consistent with photograph (e.g., vehicle make and model) <p>Applicable police service in area of camera location:</p> <ul style="list-style-type: none"> Issues the fine within seven business days of the violation date, meaning they access the service provider's IT system to validate the fine and it is populated with the peace officer's badge number <p>Service provider:</p> <ul style="list-style-type: none"> Mails the fine along with the photograph to the registered owner of the offending vehicle <p>Registered owner of vehicle identified as speeding:</p> <ul style="list-style-type: none"> Pays the fine to the Ministry of Justice (Provincial Court of Saskatchewan) <p>Ministry of Justice:</p> <ul style="list-style-type: none"> Administers the Provincial Court of Saskatchewan, collects fines, and distributes collected Program fines to participating parties 	<p>Applicable police service in area of camera location:</p> <ul style="list-style-type: none"> Gather the registered vehicle owner information from a national database Issues the fine within seven business days of the violation date, meaning they access the service provider's IT system to validate the fine and it is populated with the peace officer's badge number Mails the fine along with the photograph to registered vehicle owner <p>Registered owner of vehicle identified as speeding:</p> <ul style="list-style-type: none"> Pays the fine to the Ministry of Justice (Provincial Court of Saskatchewan) <p>Ministry of Justice:</p> <ul style="list-style-type: none"> Administers the Provincial Court of Saskatchewan, collects fines, and distributes collected Program fines to participating parties

Source: Provincial Auditor of Saskatchewan adapted from info at www.sgi.sk.ca/photo-speed-faqs (13 February 2019). Blue font identifies difference between processing identified violations for vehicles with in-province and out-of-province licence plates.

Also, SGI gave its service provider policies for the Program (e.g., technicians will visit each camera daily).

Our review of contracts between SGI and each participating municipal government and their applicable police services, Ministry of Highways and Infrastructure, and SGI's service provider found each contract clearly defined each party's roles and responsibilities for the Program, and assigned responsibilities consistent with applicable law.

As noted in **Figure 3**, the Ministry of Justice administers the Provincial Court of Saskatchewan, collects fines, and distributes collected Program fines to participating parties as per applicable legislation.¹³ From March 2015 to December 2018, participating municipal governments and SGI received 75% of the fines assessed from the cameras within their jurisdiction less their share of program costs. The Ministry of Justice retained 25% for the administration of the Court and collections processes. Effective January 1, 2019, the AutoFund will make the net revenues available to any municipal governments approved to receive funding for traffic safety initiatives.¹⁴

Figures 4 and 5 provides a summary of the Program revenues, expenses, and net revenues from 2016 to 2018.

¹³ Following *The Summary Offence Procedures Act, 1990* and *The Traffic Safety (Speed Monitoring) Regulations*.

¹⁴ Order in Council 612-2018 amended *The Traffic Safety (Speed Monitoring) Regulations*.

Figure 4—Automated Fine Revenue and Program Expenses from 2016 to 2018

Calendar Year	(in thousands)		
	Fine Revenue (net of Admin Fees) ^A	Expenses ^B	Net Revenue ^C
2018	\$5,858	\$2,508	\$3,350
2017	4,292	2,390	1,902
2016	5,285	2,338	2,947
Total	\$15,435	\$7,236	\$8,199

Source: SGI Records.

^A Total fines assessed less Ministry of Justice court administration and collection processes fee of 25%.

^B Expenses include cost of the cameras, technicians to maintain the cameras, etc.

^C Net Revenue is Fine Revenue (net of Admin Fees) less Expenses.

Figure 5—Combined 2016 to 2018 Automated Fine Revenues and Program Expenses by Camera Location

Camera Location	(in thousands)		
	Fine Revenue (net of Admin Fees) ^A	Expenses ^B	Net Revenue ^C
Highway Locations ^D	\$1,298	\$861	\$437
Saskatoon	4,419	1,987	2,432
Regina	5,762	2,328	3,434
Moose Jaw	3,956	2,060	1,896
Total	\$15,435	\$7,236	\$8,199

Source: SGI Records.

^A Total fines assessed less Ministry of Justice court administration and collection processes fee of 25%.

^B Expenses include cost of the cameras, technicians to maintain the cameras, etc.

^C Net Revenue is Fine Revenue (net of Admin Fees) less Expenses.

^D Highway locations refer to cameras located in high-speed zones on provincial highways (e.g., near Martensville and White City/Emerald Park). The RCMP issued fines at the Martensville camera location until July 2017, and at the White City/Emerald Park camera location until December 2017. These cameras were moved permanently to the City of Regina and City of Moose Jaw.

Because laws require the Ministry of Justice to collect and administer fines payable to the Provincial Court of Saskatchewan, SGI did not need a contract with it.

In addition, we found it reasonable that SGI did not have a separate contract with the RCMP for this Program, in that it utilized the agreement between the Government of Saskatchewan and the RCMP about policing services provided to Saskatchewan.

4.2 Roadside Equipment Properly Maintained

Roadside technology and cameras (equipment) were maintained properly using qualified personnel, and were properly calibrated. At September 2018, the Program utilized nine cameras (i.e., eight cameras installed in predetermined locations, and one spare).

We found SGI's service provider used trained technicians to complete daily maintenance at each camera location. Our assessment of the training and qualifications of the technicians maintaining the equipment found each technician had sufficient and appropriate training regarding the technology used in the Program.

We found that roadside equipment did not have significant equipment downtime (i.e., time in which the equipment did not operate) for the 12-month period ended September 2018.



For each of the thirty different days we tested, proper maintenance took place at that location as expected (e.g., confirmed proper signage was in place, technology operated correctly). In addition, on one day, we observed a technician completing the expected activities (e.g., maintenance, retrieval of picture files from camera, logging daily activities) at two of the camera locations.

We found all nine cameras had up-to-date certification from the manufacturer to show the cameras were properly calibrated.

As shown in **Figure 6**, about 24.2 million vehicles passed through SGI’s automated speed enforcement cameras during 2018. This resulted in almost 130,000 records (i.e., photographs taken) and about 110,000 violations. Not all photographs are violations (e.g., technicians take photographs daily while testing each camera).

Figure 6—2018 Automated Speed Enforcement Camera Activity^A

(thousands)			
Camera Location	Traffic Count	Total Violations	Violation Percentage
Moose Jaw	3,415	40.8	1.19%
Regina	9,812	35.7	0.36%
Saskatoon	10,968	32.9	0.30%
Total	24,195	109.4	0.45%

Source: Provincial Auditor of Saskatchewan derived from SGI’s service provider monthly program reports.

^A For calendar year.

4.3 Contracts with Key Parties Not Renewed Prior to Expiration

At February 2019, SGI is operating the Program with expired agreements with key parties. Also, SGI’s contracts with each of the key parties did not contain provisions that allow them to continue past their stated term. At February 2019, they continued to do so.

SGI’s contracts with each of the key parties necessary to deliver the Program expired near or before the beginning of February 2019. SGI did not finalize new contracts with these parties prior to their expiration even though it knew before September 2018 that the Program would become permanent.¹⁵

SGI’s contract with:

- The City of Saskatoon expired in March 2017, and Saskatoon Police Service in early February 2019. The City of Regina, Regina Police Service, City of Moose Jaw, Moose Jaw Police Service, and Ministry of Highways and Infrastructure each expired early February 2019. SGI signed a contract amendment with the City of Saskatoon in November of 2018. This contract expired in February 2019.
- SGI’s contract with its service provider expired in January 2019. They signed an amendment to this contract in February of 2019. The amended contract expires in January 2020.

¹⁵ www.saskatchewan.ca/government/news-and-media/2018/sepember/17/photo-radar (14 February 2019).

- As of March 2019, SGI is in discussions with key parties about finalizing new contracts with its key parties.

By operating under expired contracts with key parties, SGI may have difficulty enforcing the components of each contract (e.g., issuing all fines within seven business days of when a photograph is taken).

1. **We recommend that Saskatchewan Government Insurance maintain enforceable formal written contracts with each party that is key to delivering its automated speed enforcement program.**

4.4 Service Provider Contract Includes Almost All Expected Service Requirements

SGI's contract with its service provider outlined almost all key service standards that it expected the service provider to provide.

Key service standards included were periodic rotation of camera locations between specified locations, payment parameters, and training requirements.

Although SGI clearly expected its service provider to give the applicable police service the photograph of the speeding violation within five business days from the date the photograph was taken, it did not set this expectation in the contract.

For each of the 40 photographs we tested, the service provider consistently processed photographs within the informal five-business day target.

Not including its expectation in the contract may make it more difficult for SGI to enforce its expectation if the service provider does not meet SGI's expectation. See **Recommendation 1** about maintaining enforceable contracts.

4.5 SGI Collected Relevant Data from the Service Provider to Enable Monitoring of Program

SGI, through its service provider, collected sufficient and appropriate data to determine whether the cameras were operating as expected, and to monitor issuance of fines under the Program.

SGI identified data that it considered necessary to monitor the Program. Key data was by camera location and included traffic count, number of pictures taken, number of speeding violations, and listing of fines issued. It required its service provider, through contract, to provide it with this data (at least quarterly).

SGI received detailed monthly reporting from its service provider that included the expected data.



4.6 Municipal Police Services Not Always Processing Violations within Expected Timeframes

SGL did not actively monitor whether applicable municipal police services reviewed violations within seven business days as required.

SGL's contracts with police services of participating municipal governments require the police service to reject, or review and approve violations (i.e., photographs) within seven business days from the violation date.

For 12 of 30 (40%) fines we tested, the applicable municipal police service did not reject or approve the violation within seven business days. One fine took 31 business days for the police service to approve.

Issuing fines to registered owners of vehicles caught speeding promptly provides an earlier opportunity to impact motorist behaviour and encourage driving within the speed limit. See **Recommendation 2** about consistently enforcing contracts with participating municipal police services.

4.7 Fines Not Issued Consistently to Out-of-Province Speeders

Even though its contracts required it, SGL did not require two of the three police services of participating municipal governments to issue Program fines to registered owners of out-of-province vehicles caught speeding.

In practice, only the RCMP and Moose Jaw police service issued fines to out-of-province speeding vehicles under the automated speed enforcement program. The Regina and Saskatoon police services did not.

We did not observe that SGL actively attempted to enforce its contracts to require these municipal police services to issue fines to out-of-province speeders.

For the twelve-month period ending September 30, 2018, there was about 13,400 out-of-province violations at Moose Jaw camera locations. Moose Jaw Police Service issued over 12,300 fines to registered owners of out-of-province vehicles based on violations identified by the Moose Jaw camera locations.

Our review of Program data estimates that the Regina and Saskatoon police services did not issue fines for about 4,200 violations combined because the vehicle was from another province.

Not issuing fines to all registered owners of out-of-province vehicles identified as speeding results in inequitable treatment of registered owners of in-province and out-of-province vehicles that the Program caught speeding in Regina or Saskatoon. Not issuing fines to registered owners of out-of-province vehicles results in not using fines to provide a deterrence to speeding. If SGL chooses to give municipal police services the option to issue Program fines to out-of-province speeders, it should amend its contract requirements.

2. We recommend that Saskatchewan Government Insurance consistently enforce all provisions of its automated speed enforcement program contracts with participating municipal police services.

4.8 Better Monitoring of the Automated Speed Enforcement IT System Needed

SGI did not periodically determine the integrity of data in the IT system that its service provider used to process photographs of vehicles (the automated speed enforcement IT system).

Data integrity is keeping data consistent throughout its entire processing. This includes appropriately protecting it to keep it reliable. Data integrity includes data security (e.g., user access), IT change management, disaster recovery, and back ups.

The service provider uses an IT system to process speed violations and related fines (automated speed enforcement IT system). For example, the automated speed enforcement IT system electronically matches information captured by the laser technology to SGI-provided information (i.e., pertinent data on the licence plate like vehicle make, vehicle model, and registered owner of vehicle). In addition, the service provider shares information in this system with applicable police services to enable them to validate fines (i.e., issue fines) and to enable registered vehicle owners receiving fines to view the photographs that led to the fines.

SGI did not ask its service provider to give it information about the integrity of the data in the automated speed enforcement IT system. In addition, since the inception of the program (in 2014), SGI had not done this assessment itself.¹⁶

Rather SGI limited its assessment to determining whether changes to fine rates in the automated speed enforcement IT system were correct, monitoring complaints about the Program, and monitoring whether fine recipients challenged fines in the courts. See **Section 4.12** for further detail about SGI's liaison with the Ministry of Justice.

We found SGI sufficiently tested the May 2018 change of fine rates in the service provider's IT system.¹⁷ SGI assessed that the system correctly calculated fines using the updated rates, and approved the changes.

We assessed the integrity of data processed in the automated speed enforcement IT system, and found the following.

- For each of the 40 photographs we tested, the service provider processed the photograph as expected (e.g., rejected the photograph if it did not meet SGI's Program policies or passed the photograph on to the appropriate municipal police service if the photograph met SGI's Program policies).

¹⁶ SGI's contract with its service provider gives SGI access to audit the service provider's records.

¹⁷ At times, changes in legislation (e.g., *The Traffic Safety Act*, *The Summary Offences Procedures Regulations*, 1991) necessitate changes to the automated speed enforcement IT system. For example, fine amounts changed in May 2018.



- The service provider properly segregated and assigned user access. That is, it gave access to SGI Program information to users with identified business needs, and the abilities it gave them aligned with their business needs (e.g., police services access related to validating the fines).
- Password requirements were adequate.
- The service provider operated the automated speed enforcement IT system at multiple locations in Canada (i.e., Winnipeg and Edmonton). This meant the service provider could process photographs from Saskatchewan's laser technology in an alternate location in the event of a disruption.

However, the service provider could not show us that it backed up data from the automated speed enforcement IT system each day. The service provider did not keep complete logs of its backups. Backing up data is copying data, and storing it in a location for use in restoring the original data in event of a data loss event.

Not maintaining sufficient evidence of backups increases the risk that the service provider may not complete backups appropriately. Failure to back up data increases the risk that important Program data could be lost if the IT application were to fail. Lost data may affect the ability to issue fines in a timely way (e.g., have to re-enter and re-process photograph data), and increases the risk that fine information may not be available if challenged in court.

Not periodically determining the integrity of data in the automated speed enforcement IT system meant SGI did not know whether data in the automated speed enforcement IT system was sufficiently protected.

3. We recommend that Saskatchewan Government Insurance periodically determine whether its service provider sufficiently maintains the integrity of data in the IT system the service provider uses to process automated speed enforcement program fines.

4.9 Fines Issued in Accordance with Legislation and SGI Policy

Fines from the speed enforcement program were issued consistent with legislation and to the registered owners of vehicles identified as speeding.

For each of the 30 fines issued that we tested, the fines levied were consistent with applicable legislation (e.g., *The Traffic Safety Act*, *The Summary Offences Procedures Regulations*, 1991). For each of these, SGI's service provider appropriately processed, and the applicable police service approved the fine, before mailing it to the registered owner of the vehicle.

Also, we found SGI extracted vehicle owner information from its AutoFund IT system for violations by vehicles licensed in Saskatchewan. Each day, it gave this information to its service provider.

4.10 Steps Taken to Reduce Violations

SGI actively monitored violation percentages, and took steps to try to reduce violations in areas with higher than expected rates of violations.

SGI reviewed monthly Program statistics received from its service provider. SGI tracked various statistics each month, and assessed whether monthly violations (from all camera locations) was within its target violation rate of below 1%.

SGI met its overall goal of a violation percentage of below 1% during the 12-month period ending September 2018. As shown in **Figure 7**, this percentage varied by camera location, and between school zones and high-speed locations (e.g., Ring Road in Regina).

We found that SGI was aware that a number of camera locations exceeded this 1% goal. For example, both Moose Jaw and Saskatoon school zones had violation percentages in excess of 1%. It took steps to try to reduce the violation rate in these areas. For example, SGI added more signage for cameras located in school zones.

During the 12-month period ending September 30, 2018, the total violation percentage for the province was 0.47%.

Figure 7—Violation Rates between October 1, 2017 and September 30, 2018

Location	Total Traffic Count (in thousands)	Violation % ^A
Moose Jaw – High-Speed Locations (Highway #1)	2,572	1.31%
Moose Jaw – School Zones	452	1.01%
Regina – High-Speed Locations	6,870	0.20%
Regina – School Zones	2,976	0.71%
Saskatoon – High-Speed Locations	9,704	0.23%
Saskatoon – School Zones	458	2.11%
RCMP (White City/Emerald Park) – High-Speed Location	494	1.03%
Total	23,526	0.47%

Source: Provincial Auditor of Saskatchewan derived from SGI's service provider monthly program reports.

^ABlue font indicates locations where the violation percentage exceeded SGI's goal of below 1%.

Other than for rejected violations, SGI made key monthly statistics public by posting them on its website within a reasonable timeframe (about monthly). Key monthly statistics include the monthly number of violations, the violation percentage each month, the highest recorded speed each month, and the total number of fines issued.

4.11 Monitoring of Rejected Violations Needed

SGI did not periodically determine whether rejections of violations were consistent with its policies and expectations.

Although it received information about violations rejected, SGI did not review the reasonableness of reasons for rejecting violations, or determine whether it needed to take steps to reduce rejections. As previously stated, a rejected violation is where a violation occurs (i.e., motorist exceeds the pre-determined speed threshold and a photograph of



the motorist's vehicle is taken) but a fine is not ultimately issued to the registered owner of the vehicle.

In addition, SGI did not establish a threshold(s) of what it viewed as a reasonable amount of rejected violations.

We found that the provincial violation rejection percentage of speeding violations for the 12-month period ending September 30 2018 was about 44%. As shown in **Figure 8**, obstructed plates (for almost 60%) was the most common reason for the service provider or police services to reject violations, with policies (including police services choosing not to issue fines to out-of-province speeders) being the second most common reason (for about 34%).

Figure 8—Reasons for Rejecting Violations between October 2017 and September 2018

Reason for Rejecting a Violation	Number of Violations Rejected	Percentage of Violations Rejected
Obstructed Plate (e.g., licence plate covered by snow or mud)	29,279	59.85%
Policy (e.g., out-of-province licence plate [i.e., choice made by Regina and Saskatoon police service], out-of-country licence plate)	16,684	34.10%
Bad Photograph (e.g., too much glare)	1,121	2.29%
Emergency Vehicle (e.g., ambulance)	527	1.08%
No Plate	751	1.54%
Equipment Issue	10	0.02%
Other	551	1.12%
Total	48,923	100%

Source: Provincial Auditor of Saskatchewan derived from SGI's service provider monthly program reports.

For each of the 10 rejected violations tested, the reason for the rejection aligned with SGI's policies and supported the decision to not to issue a fine. For the items we tested, the common reasons for rejecting a violation included an obstructed licence plate, a bad photograph (e.g., glare made the licence plate number unreadable), or a policy decision by a police service (e.g., out-of-country licence plate).

Establishing a threshold(s) and/or reviewing trends may help SGI monitor the amount of rejected violations and identify trends. This in turn may help to identify Program improvements or areas for additional public education of traffic safety laws (e.g., making public aware fines exist for failure to maintain readable licence plates).

Improving its monitoring of rejected violations would allow SGI to better monitor that the service provider and applicable police services issue all fines that should be, and comply with SGI's Program policies. It will also help ensure equitable treatment of violators.

- 4. We recommend that Saskatchewan Government Insurance periodically determine whether its service provider or police services of participating municipal governments rejected automated speed enforcement program photograph violations in accordance with its policies.**

4.12 SGI Reaches Understanding of Results of Fines Taken to Court

SGI takes steps to be aware of, and actively understand the results of fines from the Program taken to court.

SGI participates on a Ministry of Justice Committee on Traffic Safety Initiatives. Through this Committee, SGI periodically meets with Ministry of Justice officials about various matters including the Program. SGI also periodically discusses issues that arise with traffic safety court prosecutors pertaining to the Program.

SGI indicated it leveraged information from its participation on the Committee, and through discussions with the prosecutors, to identify potential issues or trends that may affect the Program.

4.13 Process to Track and Respond to Complaints Established

SGI systematically tracks complaints received about the Program.

SGI receives very few complaints about the Program each year. For the 12-month period ending September 2018, SGI received and responded to two complaints about the Program.

We found SGI responded to each complainant in an appropriate (i.e., formal letter) and timely manner.

5.0 SELECTED REFERENCES

ACT Auditor-General's Office. (2014). *Speed Cameras in the ACT*. Canberra: Author.

Provincial Auditor of Saskatchewan. (2014). *2014 Report – Volume 2, Chapter 32 Economy-Monitoring IT Service Providers*. Regina: Author.

Queensland Audit Office. (2015). *Road Safety – Traffic Cameras*. Brisbane: Author.

SGI. (2018). *2017-18 Saskatchewan Auto Fund Annual Report*. Regina: Saskatchewan Government Insurance.
www.sgi.sk.ca/documents/625510/626999/2948_Auto_Fund_2017_Annual_Report_final_web.pdf/58428697-7574-4b35-a413-2bc97a01c807 (13 February 2019).

SGI. (2018). *An Evaluation of the Photo Speed Enforcement Pilot Program in Saskatchewan: (March 2015 – March 2017) Final Report*. Regina: Saskatchewan Government Insurance.
www.sgi.sk.ca/documents/625510/627014/Photo+Speed+Enforcement+Evaluation+Report.pdf/49b180a0-a9b3-45af-9c41-f53a0a180040 (13 February 2019).

Tasmanian Audit Office. (2009). *Special Report No. 85 – Speed-Detection Devices*. Hobart: Author.

Victorian Auditor-General's Office. (2011). *Road Safety Camera Program*. Melbourne: Author.

Chapter 12

Saskatchewan Health Authority – Maintaining Saskatoon and Surrounding Area Health Care Facilities

1.0 MAIN POINTS

There are over 50 health care facilities located in the City of Saskatoon and surrounding area (Saskatoon-area facilities). Patients, residents, visitors, and staff rely on well-maintained facilities in the delivery of health care services.

This chapter reports, for the 12-month period ending November 2018, the Saskatchewan Health Authority did not have effective processes to maintain health care facilities in the City of Saskatoon and surrounding area.

While the Authority has qualified staff and relies on their professionalism to conduct maintenance, it needs to make improvements in the following areas to effectively maintain its Saskatoon-area facilities over their entire lifespan.

The Authority needs complete and consistent information about each key Saskatoon-area facility and component subject to maintenance to provide a basis for maintenance planning decisions. It needs a comprehensive risk-based maintenance plan to guide maintenance decisions of those facilities and components over the long-term. This would include setting desired conditions of key facilities and components; and consistently setting the nature, extent, and expected frequency of regular maintenance.

The Authority needs documented guidance on prioritizing maintenance to support completing maintenance within scheduled timeframes. Timely maintenance reduces the likelihood of failure or breakdown, which reduces the risk of harm to residents, patients, visitors, and staff.

Senior management need to receive reports on results of Saskatoon-area maintenance activities. Having sufficient analysis and reporting of maintenance results would help the Authority assess if maintenance is occurring as expected, and whether maintenance funding is sufficient and efficiently used.

2.0 INTRODUCTION

The *Provincial Health Authority Act* makes the Authority responsible for planning, organizing, delivering, and evaluating health services in the province. It is also responsible for constructing, renovating, altering, and managing its health care facilities.

Costs of delivering health services to the residents of Saskatchewan continues to increase. In 2018-19, the Government planned to spend \$5.765 billion on health.¹ In 2017-18, the Government spent \$5.668 billion on health (2016-17: \$5.663 billion; 2015-16: \$5.575 billion).²

¹ Government of Saskatchewan, *Saskatchewan Provincial Budget 18-19 On Track*, p. 66.

² Government of Saskatchewan, *Public Accounts Volume 1, Summary Financial Statements*.



The Saskatchewan Health Authority provides the majority of Saskatchewan health care services. In 2017-18, the Authority reported total expenses of \$4.027 billion (2016-17: \$3.961 billion combined expenses of former regional health authorities).³

The Authority employs over 40,000 employees and physicians to facilitate the delivery of quality health care services.⁴ It provides health services to residents of Saskatchewan through more than 270 facilities located throughout the province. These facilities include hospitals (acute care), long-term care facilities, health care centres, and other support centres. Facilities include buildings and significant components (e.g. boilers, air filters). At March 31, 2018, the net book value of its capital assets was \$1.6 billion including buildings and improvements (i.e., 70% of total net book value).⁵

In 2017-18, the Authority spent \$60.4 million on repairs and maintenance expenses (2016-17: \$58.2 million); \$131.0 million on additions to buildings and improvements; and in progress construction.⁶ In 2018-19, the Authority budgeted to spend about \$55.9 million for repairs and maintenance to its facilities and \$200 million for capital additions.^{7,8}

Over 50 health care facilities located in the City of Saskatoon and immediate surrounding areas serve over 360,000 Saskatchewan residents in more than 100 communities, which includes cities, towns, rural municipalities, and First Nations communities.⁹ Facilities located in the City of Saskatoon and surrounding area include 9 hospitals; 28 long-term care facilities; and 19 health centres and other health care facilities.¹⁰ See **Section 5.0** for a listing of facilities.

2.1 The Importance of Facility Maintenance

The Authority identified “aging infrastructure increasing operating costs” as a challenge in achieving a balanced budget.¹¹ As of May 2018, the Authority’s health care facilities averaged 40 years of age and a facility condition index of 45% (critical condition).^{12,13} Moreover, estimated deferred maintenance for health care facilities in Saskatchewan totalled \$3.3 billion.¹⁴

The health care facilities located in the City of Saskatoon and surrounding areas account for about \$1.5 billion of the estimated deferred maintenance, with an average facility condition index of 26% (poor condition).¹⁵ A poor condition rating indicates:

- Facilities will look worn with apparent and increasing deterioration
- Frequent component and equipment failure may occur

³ Saskatchewan Health Authority, *2017-18 Annual Report*, p. 34.

⁴ *Ibid.*, p. 3.

⁵ *Ibid.*, p. 30.

⁶ Saskatchewan Health Authority, *2017-18 Annual Report*, Audited Financial Statements, pp. 45 and 82.

⁷ Saskatchewan Health Authority, *Special Public Board Meeting Agenda & Package*, (2018).

⁸ Saskatchewan Health Authority, *2017-18 Annual Report*, p. 28.

⁹ Saskatoon Health Region, *Annual Report 2016-2017*, p. 11.

¹⁰ www.saskatoonhealthregion.ca/locations_services/locations/Pages/Home.aspx (08 November 2018).

¹¹ Saskatchewan Health Authority, *Special Public Board Meeting Agenda & Package*, (2018).

¹² *Ibid.*

¹³ Facilities condition index (FCI) is the total cost of existing deficiencies (maintenance needs) in a particular facility (FCI Cost or cost of deferred maintenance) divided by its replacement value. It is represented as a decimal point or as a percentage. The lower the FCI, the better the condition of the asset.

¹⁴ Saskatchewan Health Authority, *Special Public Board Meeting Agenda & Package*, (2018).

¹⁵ Information provided by Saskatchewan Health Authority on November 15, 2018.

- Facilities' staff time will likely be diverted from regular scheduled maintenance and forced to react
- Resident/patient complaints will be high with an increasing level of frequency¹⁶

Maintenance is one key aspect of asset management. Effective asset management takes a risk- and evidence-based approach to managing assets through their entire life cycle (from purchase to disposal). It requires a co-ordinated approach, and linkage between decisions about maintenance to capital planning to an organization's overall strategic direction.

Effective maintenance planning:

- Helps ensure facilities can perform at optimum levels over their expected service life, and reduces the risk of service disruption
- Identifies and reduces risks associated with aging facilities, and reduces environmental impact by controlling resource usage
- Increases confidence in budgeting the cost of facility maintenance, and includes understanding the business consequences of reducing or increasing either the capital or maintenance budgets today and in the years ahead
- Reviews the performance of the facility to ensure it meets the requirements for service delivery
- Provides a foundation for continuous process improvement and feedback to improve future applications of the maintenance process¹⁷

In addition, effective maintenance planning helps justify planned asset expenditures to internal and external stakeholders, and ensure employees have the right competencies and capabilities for managing facilities.

Maintaining facilities to acceptable conditions helps ensure they meet service delivery requirements. Deferring maintenance can reduce capacity to provide services, increase future repair costs, and potentially reduce overall service life of facilities (e.g., having to replace a building or components earlier than intended).

Proper operation and maintenance of a health care facility and its key components (e.g., nurse call systems, boilers) is essential not only to the safe and effective delivery of health services to patients and long-term care residents, but also for providing safe work environments for health care providers.¹⁸

¹⁶ BC Housing, *Capital Asset Management – Asset Strategies, Facility Condition Index*, (2011), p. 3.

¹⁷ New South Wales, *Total Asset Management Guideline – Asset Maintenance Strategic Planning*, (2006), p. 2.

¹⁸ CSA Z8002-14, *Operation and maintenance of health care facilities*, February 2014, p.8.



3.0 AUDIT CONCLUSION

We concluded that for the 12-month period ending November 30, 2018 the Saskatchewan Health Authority did not have effective processes to maintain health care facilities located in the City of Saskatoon and surrounding areas. It needs to:

- **Keep complete and consistent information about each key facility and components subject to maintenance, and status of maintenance activities**
- **Better control the accuracy and reliability of key maintenance data**
- **Set measurable service objectives (e.g., desired facility condition index, asset condition) for facilities and its significant components to support short-, medium-, and long-term maintenance planning and budget decisions**
- **Have guidance on classifying and prioritizing maintenance activities (preventative, reactive, and capital maintenance projects) consistently across its facilities**
- **Consistently set the nature, extent, and frequency of preventative maintenance activities, and complete the work as planned**
- **Consistently classify and rank demand maintenance work, and complete the work within a reasonable timeframe**
- **Report the results of its maintenance activities to senior management**

Figure 1 – Audit Objective, Criteria, and Approach

Audit Objective: to assess whether the Saskatchewan Health Authority had effective processes to maintain health care facilities located in the City of Saskatoon and surrounding areas for the 12-month period ending November 30, 2018.

Audit Criteria:

Processes to:

1. Keep reliable information on facilities
 - 1.1 Identify the facilities, including components to be maintained
 - 1.2 Maintain current, reliable information needed to manage maintenance (e.g., facility condition, remaining service potential, estimated maintenance costs, estimated replacement costs)
 - 1.3 Assess risk that facilities will not meet required service objectives
2. Develop a risk-informed maintenance plan
 - 2.1 Determine service objectives for long-term performance (e.g., expected service life, desired facility condition index)
 - 2.2 Establish specific maintenance strategies to achieve service objectives
 - 2.3 Set maintenance priorities (short-, medium-, and long-term) based on assessed risks
 - 2.4 Evaluate strategies against available resources
3. Carry out maintenance effectively
 - 3.1 Use recognized maintenance standards
 - 3.2 Implement maintenance procedures consistent with standards and assessed priorities
 - 3.3 Provide staff with guidance on maintenance procedures
 - 3.4 Track maintenance activities

4. Monitor performance of maintenance
 - 4.1 Analyze progress in carrying out maintenance
 - 4.2 Report on results of maintenance activities (e.g., progress against maintenance plan, total deferred maintenance, facility condition index) to internal and external stakeholders (i.e., Board, Ministry of Health, public)
 - 4.3 Adjust maintenance priorities 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 the 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 documentation and the Authority’s maintenance IT system detailing the actions involved in the maintenance of facilities and assets maintained by the Authority. We interviewed Authority staff responsible for planning, carrying out, and reporting on maintenance activities at a variety of health care facilities (e.g., rural, urban, acute care, long-term care). We also tested key aspects of the maintenance process including samples of maintenance records, maintenance staff qualifications and training records, and other documents.

4.0 KEY FINDINGS AND RECOMMENDATIONS

In this section, we refer to the health care facilities (and their related components like heating, ventilation, and air conditioning systems, beds) located in the City of Saskatoon and surrounding areas as Saskatoon-area facilities. In addition, we refer to the staff assigned responsible for maintaining these facilities as Facilities Management.

4.1 Qualified Staff Responsible for Maintenance

The Authority clearly assigned responsibility for maintaining Saskatoon-area facilities to appropriately qualified staff.

Responsibilities for maintenance includes accountability for planning, performing, and overseeing maintenance (preventative and demand) along with projects to replace components or key equipment. It refers to these as capital maintenance projects.

- Preventative maintenance is regularly performed maintenance designed to lessen the likelihood of failure or breakdown of a component or piece of equipment. Maintenance is done when a component or equipment works. It contributes to performance and reliability of the component or equipment.
- Demand maintenance (also referred to as corrective or reactive) is maintenance to repair a component or equipment when it is not working properly or at all.

Facilities Management is responsible for maintaining all Saskatoon-area facilities. It operates largely on a decentralized basis. It has staff in about 138 full-time equivalent positions—with about 13 responsible for centrally planning and overseeing maintenance, and managing the related maintenance IT system. There are about 196 staff located in 16 facilities. Staff in facilities are responsible for prioritizing and carrying out maintenance for their assigned facilities.

Facilities Management staff include professionals in trades (e.g., electricians, plumbers, steamfitter/pipefitter).



We assessed the qualifications of 10 Facilities Management staff. We found each obtained and maintained the qualifications as set out in their related job descriptions. Where qualifications required renewal of certifications (e.g., electrician license, power engineering certificate), we found it was appropriately renewed and up-to-date.

Having clearly assigned responsibilities, and properly qualified maintenance staff, increases the likelihood of facilities and related components being properly maintained.

4.2 Service Objectives for Guiding Maintenance Not Set

The Authority has not set measurable service objectives (e.g., a minimum acceptable facility condition index rating needed to meet future operations) for types of facilities or key components for its Saskatoon-area facilities.¹⁹ Service objectives could include use of minimum acceptable facility condition indices, and setting minimum condition standards for critical equipment.²⁰

Facilities Management has not set a minimum acceptable facilities condition index for categories of its facilities (e.g., acute care), or for individual facilities in the Saskatoon-area. As of November 2018, the Authority had not set provincial indices either.

In addition, Facilities Management does not use Ministry-maintained, facility-condition data (as described in **Figure 2**) for the Saskatoon-area facilities when making maintenance planning decisions.

Figure 2—Ministry-Maintained Facility Condition Information

In 2014, the Ministry of Health, using a third-party consultant, determined the actual facility condition index rating for each of Saskatchewan's health care facilities, and average for each health region. Its report included, for each facility, the age, use, size, replacement cost, and cost of addressing all identified deficiencies, in addition to the facility condition cost, and index.

It published the related report, and shared the results with the boards and management of the former health regions.

Each year since 2014, the Ministry updated this information by surveying maintenance staff of each facility. It shares the results with the management of these facilities.

Source:<http://publications.gov.sk.ca/documents/13/105276-Saskatoon%20Health%20Region%20Asset%20List%20Report.pdf> (25 March 2019).

The Ministry-maintained data shows overall average facility condition index for Saskatoon-area facilities declined since 2014 from 40% to 26% in 2018; a lower percentage is better. In 2014, the Saskatoon-area facilities percentages ranged between a low of 0% to a high of 88% – both for long-term care facilities located in Saskatoon.²¹ In 2018, the percentages ranged between a low of 6% to a high of 72%.

¹⁹ Facilities or key components of a similar nature (e.g., same class of health care facility, similar component in different health care facilities).

²⁰ Facility condition index (FCI) is the total cost of existing deficiencies (maintenance needs) in a particular facility (FCI Cost or cost of deferred maintenance) divided by its replacement value. It is represented as a decimal point or as a percentage. The lower the FCI, the better the condition of the asset.

²¹ publications.gov.sk.ca/documents/13/105276-Saskatoon%20Health%20Region%20Asset%20List%20Report.pdf (25 March 2019).

Facilities Management had not set a minimum condition standard and/or asset availability for categories of assets essential to the delivery of health care in the Saskatoon-area.²² As of November 2018, the Authority had also not set service objectives for categories of critical assets.

As of November 2018, Facilities Management had not identified categories of critical assets for the Saskatoon-area. For example, categories of critical assets could include boilers; nurse call systems; and heating, ventilation, and air conditioning systems.

Having minimum condition standards enables taking a risk-informed approach to maintenance planning. It facilitates comparisons of assets' current conditions to those standards to identify particular facilities or components at risk. This supports determining the extent of resources needed for maintenance, and deciding where best to focus maintenance efforts over the short-, medium-, or long-term.

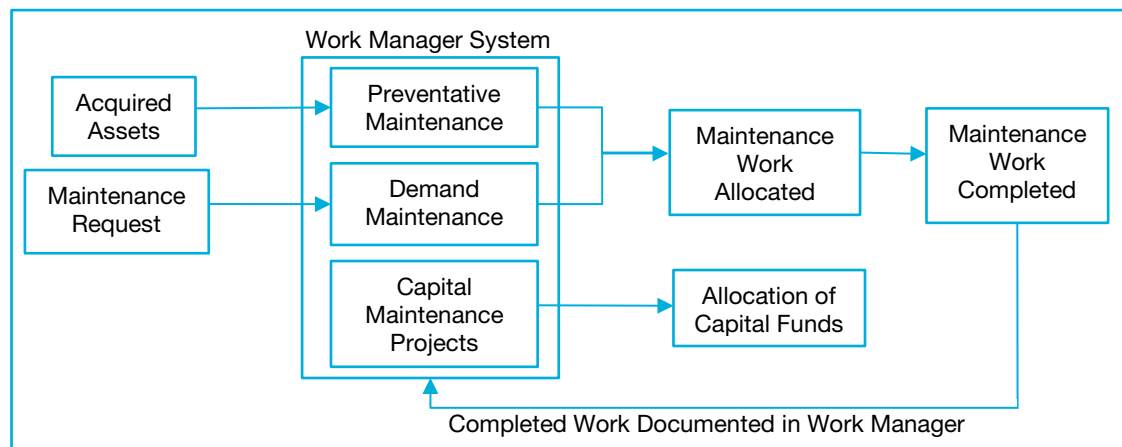
1. We recommend the Saskatchewan Health Authority establish measurable service objectives for its key health care facilities and critical components located in the City of Saskatoon and surrounding areas.

4.3 Controls over the Accuracy and Reliability of Information in Maintenance IT System Needed

The Authority has taken insufficient steps to keep information in its maintenance IT system accurate and reliable.

In 2007, the staff of the former Saskatoon Health Region developed a maintenance IT system to plan for, track, and manage maintenance activities on Saskatoon-area facilities.²³ It refers to this IT system as 'Work Manager.' As shown in **Figure 3**, Work Manager consists of three main modules—preventative maintenance, demand maintenance, and capital maintenance projects.

Figure 3—Schematic of Saskatoon's Work Manager Maintenance IT System



Source: Developed by Provincial Auditor Saskatchewan.

²² Equipment availability is the number of hours (time measure) that equipment operates at full capacity in a reporting period divided by total hours in the reporting period (e.g., month, quarter, year).

²³ The former Saskatoon Regional Health Authority developed Work Manager in-house.



As shown in **Figure 4**, Work Manager is designed to require staff to complete six mandatory fields when manually entering an asset into the system, and gives them the option of tracking additional information like asset condition.

Figure 4—Brief Description of Modules in Work Manager, and Data it Can Track

Preventative Maintenance – tracks the scheduled, routine maintenance of component assets to reduce the likelihood of failure. Each asset has an individual preventative maintenance plan. A staff member of Facilities Management determines the timing of work (e.g., monthly, semi- annually, annually) for each asset when they add it to the system. When preventative maintenance is due, the system creates a requisition for work to be completed.

Demand Maintenance – tracks repairs conducted in the form of demand maintenance requests and completed as issues arise (on component assets that have broken down or failed). Staff submit demand maintenance requests to a central switchboard (by phone or via an electric form). Demand maintenance focuses on restoring the equipment to its normal operating condition. Examples can range from fixing a light bulb in a patient room to repairing a malfunctioning elevator in a health care facility.

Capital Maintenance Projects – tracks the larger or more complex maintenance activities (facility roof repairs, replacing boilers). The Authority uses its maintenance IT system to evaluate and prioritize its capital maintenance projects (i.e., those projects that staff have identified the facility or components to be close to or at the end of their service life).

Work Manager is designed to track the following information (**mandatory field in blue font**):

- Asset description
- Asset owner department (e.g., Facilities Management)
- Who services the asset (e.g., contractor, Facilities Management)
- Asset category (e.g., transport – beds, stretchers, and ceiling lifts)
- Equipment type (e.g., stretcher)
- Site (e.g., Royal University Hospital)
- Asset details (e.g., model number, serial number, manufacturer name, warranty expiry date)
- Asset location (e.g., building, floor, room)
- General asset information (e.g., date installed, asset condition rating, last condition rating)
- Asset costing information (e.g., original purchase order number, original unit cost, useful life, replacement cost, lifecycle cost)
- Maintenance activity (e.g., roof inspection, fire alarm panel certification, code blue nurse call system)
- Preventative maintenance category (e.g., life safety, base building)
- Type of preventative maintenance (e.g., emergency power, plumbing, heating, area inspection)
- Reason for preventative maintenance (e.g., code requirement, manufacturer requirement, Authority initiative)
- Frequency of preventative maintenance (e.g., weekly, every six months, annually)

Source: Adapted from information from the Saskatchewan Health Authority for Saskatoon-area facilities.

Consistent with its decentralized approach to maintenance, all 196 Saskatoon-area maintenance staff have access to Work Manager. Facilities Management managers handle changes to user access to Work Manager centrally.

Saskatoon-area maintenance staffs' access to data in Work Manager is not restricted to facilities they are assigned to maintain. As a result, they could change or delete any existing data in real time.

The Authority did not have a way to identify inappropriate or erroneous changes to data in Work Manager. We found Work Manager can identify if someone made a change, but not what change was made.

Furthermore, the Authority does not periodically review whether user access to Work Manager is appropriate – that is, whether it removed access for individuals who are no longer employed in Saskatoon-area maintenance.

In addition, the Authority does not have controls around program changes made to Work Manager. The Authority did not properly test a programming change (i.e., an additional field in the Capital Maintenance Projects module) before putting it into effect. We identified that this change inadvertently deleted existing data (i.e., removed calculated priority ranking scores for capital maintenance projects in the Capital Maintenance Projects module). Management was unaware of this error.

Insufficient controls over user access in Work Manager, and insufficient program change controls may result in data in Work Manager being inaccurate or incomplete. Inaccurate and incomplete maintenance data may result in inappropriate maintenance decisions, or using additional time unnecessarily.

2. We recommend the Saskatchewan Health Authority control the accuracy and reliability of maintenance data in its IT system for key health care facilities and components located in the City of Saskatoon and surrounding areas.

4.4 Complete Listing of Facilities to Maintain Needed

The Authority does not keep a complete listing of key Saskatoon-area facilities that it needs to maintain. It is aware that Work Manager is incomplete.

The Authority does not systematically identify key Saskatoon-area facilities it is responsible to maintain for inclusion in Work Manager, its maintenance IT system. Rather Facilities Management staff manually add assets to Work Manager based on:

- Purchase orders received from the Finance Department showing assets to be acquired
- Maintenance requests (if asset was not already in the system)
- Information provided by maintenance staff

As of November 2018, Work Manager included over 19,000 individual assets.

When we tried to determine the completeness of Work Manager, we identified that it is time consuming to compare assets listed in Work Manager to those listed in other IT systems (e.g., accounting sub-ledger system), and in the Ministry-maintained facility condition information system.²⁴ We found the assets are broken-down differently, and the descriptions of them differ. Also, the Authority does not use a common identifier (e.g., a tag number affixed to the asset) in its IT system to enable matching of data. Use of common identifiers can provide an efficient way to electronically transfer relevant data, and help determine consistency and completeness of related data in each system.

²⁴ For example, the fixed asset module of the financial system lists assets purchased and disposed of during the year along with details of those assets (e.g., purchase date). The Ministry-maintained facilities conditions database contains details about facilities (see **Figure 2**).



In addition, our review of the assets in Work Manager found it missed some equipment critical to patient care, and included others that did not seem critical to health care delivery or facility safety. For example, we identified Work Manager did not include two nurse call systems located and operating in two rural health facilities. A nurse call system provides the ability for patients to obtain nurse assistance when needed. Work Manager includes nurse call systems for other locations. In addition, it listed non-critical assets like toasters, warming ovens, and ice machines.

Having a complete listing of key facilities and components provides the basis to decide on which types of assets to do preventative maintenance, and on which to do only reactive (demand) maintenance.

In addition, not identifying all of its key facilities and components increases the risk that the Authority may not effectively prioritize maintenance activities, or make inconsistent decisions about approaches to maintenance. This could lead to increased future repair costs or replacing facilities or components earlier than intended.

- 3. We recommend the Saskatchewan Health Authority maintain complete information on each of its key health care facilities and components located in the City of Saskatoon and surrounding areas to enable the preparation of a comprehensive maintenance plan.**

4.5 Preventative Maintenance Activities Not Consistently Determined

The Authority does not make consistent preventative maintenance decisions for the same categories of assets or equipment types. It makes inconsistent decisions about how often, or which, Saskatoon-area facilities it plans to carry out preventative maintenance, and the extent of preventative maintenance expected.

The Authority uses Work Manager to document its preventative maintenance planning decisions. Facilities Management typically decides on which assets it expects to do preventative maintenance when adding an individual asset to Work Manager. For each asset, Facilities Management, in Work Manager, sets the frequency (e.g., monthly, semi-annually, annually), and outlines the expected preventative maintenance tasks.

Facilities Management staff indicate it bases the frequency and preventative maintenance tasks on manufacturer information or code requirements.²⁵ Alternatively, where manufacturer or code requirements do not exist, Facilities Management staff use their knowledge and experience. Preventative maintenance can include routine inspections of key components (e.g., roofs, boilers). As shown in **Figure 4**, staff can track in Work Manager the reason for preventative maintenance (e.g., electrical code, manufacturer requirements) to document the basis of the preventative maintenance decision, and to advise maintenance staff why the maintenance is required.

Work Manager automatically generates preventative maintenance requisitions before preventative maintenance is due. These requisitions notify Saskatoon-area maintenance

²⁵ Codes are a set of standards for specific trades to follow; examples include building codes, electrical codes or plumbing codes.

staff of required upcoming preventative maintenance tasks, and by when to complete them.

For five of six preventative maintenance requisitions we tested where Work Manager identified a reason for the preventative maintenance (e.g., manufacturer manual, code, or similar detail), relevant Saskatoon-area maintenance staff was unable to provide us with the related manual, or code (e.g., electrical code in place). As a result, they could not show us the basis of its preventative maintenance decisions.

In our testing of 30 preventative maintenance requisitions, we found the Authority did not make consistent preventative maintenance decisions on the same equipment types. In addition, some decisions did not align with requirements of applicable codes. For example,

- Facilities Management decided to maintain nurse call systems located in Saskatoon on a monthly basis, whereas for two systems located in rural facilities, it decided to maintain them only when they failed. Management was unable to explain why these decisions differed. A nurse call system provides the ability for patients to obtain nurse assistance when needed – it is critical in the delivery of safe health care.
- The preventative maintenance requisition of one nurse call system we tested included detailed procedures (e.g., identified the specific tool to be used – impedance meter, and detailed inspection steps such as test power supply, check grounding, check battery, test call level from all systems). Whereas another requisition for a nurse call system we tested did not include the detailed procedures or detailed inspection steps. It only indicated staff should test call level from all systems (but did not list the systems).
- We observed differences in the frequency and extent of preventative maintenance of boilers subject to the same code requirements. The maintenance staff was unable to provide us with the related code to show support for their decisions on preventative maintenance of boilers (frequency and extent). Boilers are vital to key hospital processes such as delivering building heat and providing hot water.
 - They did preventative maintenance including checking flame conditions, testing low water cut-offs, and testing relief valves each month on boilers located in two rural facilities. However, it did not annually inspect them in a detailed manner. Work Manager indicated the reason for monthly maintenance was a code requirement.
 - They did similar preventative maintenance every four weeks, and, in addition, a detailed annual inspection on boilers in facilities located in the City of Saskatoon. Work Manager indicated the reason for the four-week and annual maintenance was a code requirement.

Not making consistent decisions and aligning the frequency and maintenance activities with standards (e.g., manufacturer and code requirements) increases the risk that key facilities and component assets are not maintained appropriately or, conversely, resources are used inefficiently. Inadequately maintained assets may put patients, residents, visitors, and staff at risk of injury if an asset fails.



4. We recommend the Saskatchewan Health Authority consistently set the nature, extent, and frequency of preventative maintenance activities for similar categories of key health care facilities and components located in the City of Saskatoon and surrounding areas.

Furthermore, the Authority does not consistently keep its preventative maintenance plans for individual Saskatoon-area component assets up-to-date. We also found the Authority did not adjust the due dates of its preventative maintenance when it did demand maintenance on a component asset.

As noted in **Figures 3 and 4**, Work Manager tracks preventative and demand maintenance in separate modules, and on a different basis. It tracks preventative maintenance based on individual component assets, and demand maintenance by location of asset repairs (e.g., unit within an acute care facility).

Failing to take into account any demand maintenance work completed on a component asset, could lead to work duplication, such as scheduling or completing preventative maintenance work after requested demand maintenance. Moreover, this unnecessarily causes staff to expend resources on monitoring overdue maintenance.

In addition, Facilities Management expects maintenance staff responsible for preventative maintenance to keep preventative maintenance plans of those assets up-to-date through staff feedback in Work Manager. They expect staff will adjust preventative maintenance tasks, note the specialized tools needed to perform the tasks, and estimate the time to do preventative maintenance tasks, as necessary. Furthermore, they expect staff to record the condition of component assets based on preventative maintenance done.

For only 3 of 30 Work Manager preventative maintenance requisitions we tested, maintenance staff provided feedback (e.g., roof repairs required) in Work Manager.

Staff did not record in Work Manager the actual condition of the asset for any of the 30 Work Manager preventative maintenance requisitions we tested.

Not basing planned preventative maintenance decisions on current and complete information increases the risk of maintenance inefficiencies. See **Recommendation 3** about maintaining complete information on key Saskatoon-area facilities and components.

4.6 Complete Risk-Informed Maintenance Plan Needed

The Authority does not have a complete risk-informed plan to maintain its Saskatoon-area facilities over their related useful lifespan.

The Authority uses Work Manager as its maintenance planner. As noted in **Section 4.4**, it does not have a complete listing of key facilities and components it is to maintain. As noted in **Section 4.5**, it has neither made consistent decisions about which assets to maintain on a preventative basis, nor kept its preventative maintenance plans up-to-date.

In addition, Work Manager does not include estimates for the costs of planned maintenance for the upcoming year or future years.

We found Facilities Management bases its budget for maintaining Saskatoon-area facilities on historical costs as opposed to planned maintenance activities.

As shown in **Figure 5**, failing to link the maintenance budget to its maintenance plan in each upcoming year contributes to differences between actual and planned maintenance costs. For example, the year-over-year actual to budget comparisons for the three hospitals in the City of Saskatoon show significant differences from 2015 to 2018 (underspent on maintenance in 2017).

Figure 5—Comparison of Actual to Budget Maintenance Costs from 2015 to 2018^A

	2015	2016	2017	2018
Actual	\$6,149,321	\$6,014,258	\$4,759,807	\$4,197,320
Budget	\$4,076,480	\$4,107,806	\$5,243,410	\$3,818,426
Over/(under) budget	\$2,072,841	\$1,906,452	\$(483,603)	\$378,894

Source: Saskatchewan Health Authority financial records for three hospitals in Saskatoon.

^AMaintenance costs do not include labour costs.

In addition, because the Authority has not set measurable service objectives, it has not estimated the cost to maintain its Saskatoon-area assets to a desired condition or asset availability over its useful lifespan. As a result, the Authority does not know whether it is doing maintenance at appropriate times, or, if not, what the impact of deferring maintenance is on the delivery of health care, safety, and costs.

- We recommend the Saskatchewan Health Authority use its planned maintenance activities as an input to setting its Saskatoon-area maintenance budget.**

4.7 Preventative Maintenance Activities Not Conducted Within Expected Timeframes

The Authority does not always conduct maintenance activities on Saskatoon-area facilities within expected timeframes.

Work Manager preventative maintenance plans set out the expected timing of maintenance of facilities and component assets.

For 30 preventative maintenance requisitions we tested, 14 (47%) were not completed within the timeframe set out in the Work Manager preventative maintenance plan. Staff completed expected maintenance tasks between 11 and 251 days after the scheduled maintenance date. One nurse code blue system (a critical asset) received maintenance 178 days later than expected—despite the Authority expecting staff to maintain the system once a month.²⁶

For four of six roof inspections included in our sample of 30 preventative maintenance requisitions, staff completed the inspections between 14 and 251 days after the scheduled inspection date. For one roof inspection requisition we tested, staff inspected

²⁶ A nurse code blue system is used to alert staff of a medical emergency such as a cardiac arrest.



the roof once in a 12-month period instead of every six months as expected (see **Figure 6** for further details).

Figure 6 – Example of Inconsistent and Untimely Roof Inspections

For this roof, the Work Manager preventative maintenance plan required a roof inspection every six months. Instead of every six months, maintenance staff inspected the roof once in a 12-month period.

- Work Manager issued a preventative maintenance requisition on October 1, 2017. Maintenance staff closed this requisition on July 9, 2018 (251 days later than expected).
- Work Manager issued a preventative maintenance requisition on April 1, 2018 (for its next six-month inspection). Maintenance staff closed this requisition on June 21, 2018 (51 days later than expected).

Maintenance staff completed a six-month inspection two times within 19 days.

Maintenance staff closed requisitions only after they completed the required maintenance tasks.

Source: Information compiled by Provincial Auditor Saskatchewan.

The Authority does not require its Saskatoon-area staff to document reasons for delays in completing preventative maintenance.

Not completing timely preventative maintenance increases the risk that an asset may fail and cause harm to residents, patients, visitors, or staff. This could also lead to increased future repair costs or the Authority maintaining assets earlier than intended.

- 6. We recommend the Saskatchewan Health Authority complete preventative maintenance on its key health care facilities and components located in the City of Saskatoon and surrounding areas within expected timeframes.**

4.8 Timing of Demand Maintenance Not Aligned with Priority Ratings

The Authority does not always conduct demand maintenance in its Saskatoon-area facilities consistent with its Work Manager priority rating.

When a component fails or is not working properly (e.g., elevator does not work), staff working in Saskatoon-area facilities report the problem to a facility call centre, which operates 24-7 (by phone or via an electric form). The Authority refers to these as demand maintenance requisitions. At November 2018, the Authority had three full-time equivalent, Saskatoon-based facility call-centre staff responsible for processing demand maintenance requests. Each year, they process about 21,000 requests.

Using the Work Manager Demand Requisition module, facility call-centre staff prioritize requests, and automatically communicate them to maintenance staff at the appropriate facility. Facility call-centre staff record the location in a facility (e.g., patient room, administrative area) of the maintenance problem. The Work Manager Demand Requisition module does not track the particular component or asset in need of repair (or replacement); however, facility call-centre staff record their priority assessment of the demand request (e.g., rating of 1 is urgent; 12 not urgent) based on various factors (e.g., safety, operational, aesthetic).

For each of the 10 demand requisitions we tested, Work Manager indicated a priority rating.

However, in practice, individual Saskatoon-area maintenance staff and their supervisors do not necessarily use the priority rating to determine the actual priority for demand maintenance requests.

For 7 of the 10 demand requisitions we tested, staff did not complete the demand maintenance work within a timeframe consistent with the priority rating. For example, one demand requisition with a priority ranking of '3' we tested, requested the installation of security at a lab exit for safety reasons; this was then completed 184 days after the initial request. For other demand requisitions tested, staff completed maintenance between four to 190 days after the request.

In addition, 3 of 10 demand requisitions we tested were not repairs of components or equipment that did not work. Rather, they were projects to replace or renovate components (i.e., capital maintenance projects). One requisition was for a room renovation (a 100-hour project). Management could not explain why this was a demand requisition. Completing capital projects as a demand requisition allows staff to skip the prioritization process for capital projects (see **Section 4.9** for further information on the evaluation and prioritization of capital maintenance projects).

The Authority does not have written guidance to help Saskatoon-area facility call-centre staff and maintenance staff properly classify and consistently prioritize the urgency of requests for demand maintenance. Not having written guidance increases the risk of inconsistent prioritization of maintenance across Saskatoon-area facilities. It also increases the risk that maintenance of assets critical for the delivery of health care services and the safety of patients, residents, and/or staff is not done first.

7. We recommend the Saskatchewan Health Authority have written guidance for classifying and prioritizing requests for demand maintenance on key health care facilities and components located in the City of Saskatoon and surrounding areas.

Not completing timely demand maintenance increases the risk that an asset may fail and cause harm to residents, patients, visitors, or staff.

8. We recommend the Saskatchewan Health Authority complete demand maintenance in line with priority rankings for key health care facilities and components located in the City of Saskatoon and surrounding areas.

4.9 Consistent Ranking of Capital Maintenance Projects Needed

The Authority does not consistently select Saskatoon-area capital maintenance projects based on documented priority needs.

Capital maintenance projects are larger or more complex maintenance activities (e.g., facility roof repairs, replacing boilers).



For the 12-month period ending November 2018, the Authority approved about 31 capital maintenance projects totalling approximately \$20.6 million for the Saskatoon-area.

Each year, Facilities Management recommends projects based on its ranking of the priority of each potential Saskatoon-area capital maintenance project. It scores each project using an evaluation tool in the Work Manager Capital Maintenance Project module. This tool applies numerical scores for factors such as risk levels, likelihood, and impact coupled with additional factors, such as service delivery impact, organizational reputation effects, and regulatory compliance. It does not have written guidance for scoring these factors. Good practice for the health sector suggests prioritization that emphasizes patient care, clinical effectiveness, and safety.

However, Facilities Management recommends capital maintenance projects for senior management's review and approval based on the results of its evaluation of priority needs. In addition, senior management (e.g., Vice Presidents) can initiate any capital maintenance project at their discretion. The Authority does not evaluate these projects in the Work Manager Capital Maintenance Project module.

Five of the seven projects we tested were not ranked in Work Manager. For each of them, the Authority did not have documentation to show who requested the project or why its priority was higher priority than other projects. One project scheduled an update to a boardroom in a long-term care facility.

Furthermore, our review of the capital-maintenance project listing identified a duplicate project for a specific boiler with different scorings. For one score, the boiler project was assessed as having an extreme likelihood of failure; whereas for the other score, it was assessed as having a high likelihood of failure. Management was unaware of the duplicate project, and unable to explain the difference in scoring.

Failing to score projects consistently or documenting rationale for selecting projects can lead to an increased risk the Authority is not prioritizing and completing capital projects that best address its needs. In addition, it increases the risk of not using resources (e.g., staff, budget) effectively.

9. We recommend the Saskatchewan Health Authority consistently document the priority of capital maintenance projects undertaken in the City of Saskatoon and surrounding areas.

4.10 Maintenance Costs Monitored

To monitor maintenance costs and workflow, Facilities Management managers review, each day, the total number of overtime hours for the previous day of maintenance staff for each Saskatoon-area facility. They follow up identified issues, if any.

4.11 Further Analysis and Reporting on Maintenance Activities Needed

Senior management (e.g., Executive Director, Vice President) receive no reports about the status of maintenance of Saskatoon-area facilities, and the impact of that maintenance on the condition of the Saskatoon-area facilities and components critical to the delivery of health services.

For capital maintenance projects, Facilities Management managers review, on a bi-weekly basis, the following two reports:

- The completed deferred maintenance capital projects report that lists, for each project, the approved budget, funding source, actual costs, planned start date, and actual end date
- The on-going deferred maintenance capital projects report that lists, for each project, the approved budget, funding source, planned start date, and project status.

We found the on-going deferred maintenance capital projects report does not include key information to effectively monitor the status of these projects; it does not include forecasted completion costs or estimated actual end date(s).

In 2018-19, prior to authorizing use of capital funds, senior management requests a listing of capital projects (including those for Saskatoon-area facilities) on an ad hoc basis. Management indicated that reporting on capital projects is progressing. For example, in mid 2018-19, senior management began receiving monthly reporting on the state of some capital projects.

Senior management does not receive any reports about Saskatoon-area preventative and demand maintenance planned, or actual, activities. Rather Saskatoon-area maintenance staff periodically receive statistics about maintenance work (demand and preventative) underway. Some examples of common reports used are as follows.

For demand maintenance, they receive:

- A daily listing of demand service requests rated as the highest priority in Work Manager
- Every four weeks, a listing of incomplete demand service requests older than six months—it describes, in detail, each request, and to which maintenance staff it is assigned

For preventative maintenance requisitions, they receive

- Every four weeks, a listing of incomplete preventative maintenance requisitions for all rural sites—it describes, in detail, each requisition and to which maintenance staff it is assigned
- Each month, a listing of incomplete preventative maintenance requisitions for the same maintenance (duplicate)—it lists each request, and the total number of requests for the same maintenance that are currently incomplete



We found that the Saskatoon-area maintenance staff use two measures to monitor the timeliness of maintenance activities. Each day, Saskatoon-area maintenance managers and supervisors jointly discuss (in-person or by phone) the average days of outstanding requisitions, and average time required to complete outstanding requisitions, as determined from information in Work Manager. This daily discussion gives staff an opportunity to identify and discuss immediate priority areas.

We found Facilities Management use of the overall average days of outstanding requisitions to evaluate the timeliness of its maintenance has limitations. The number of recent requisitions affects a simple average (number of days outstanding/ number of requisitions), which gives a potentially inaccurate view of the timeliness of maintenance.

In addition, use of overall average days outstanding does not take into account the criticality of outstanding maintenance activities (safety, critical component), types of outstanding maintenance (electrical), or location (facility). Looking at outstanding requisitions in different ways may provide the Authority more insight into reasons for delays (e.g., greater need for particular trades), or the condition of certain facilities.

In addition, we found the Authority did limited analysis of information included in the various reports, and did not document reasons for delays in the completion of scheduled maintenance or actions required to address those delays.

Without sufficient analysis and reporting of maintenance results, the Authority cannot assess if effective maintenance of its key facilities and components is occurring, or if maintenance funding is sufficient and efficiently used.

10. We recommend the Saskatchewan Health Authority report to senior management the results of maintenance activities for its key health care facilities and components located in the City of Saskatoon and surrounding areas.

5.0 SASKATOON AND SURROUNDING AREA FACILITIES

Hospitals (Acute Care)	
<u>Saskatoon:</u> Royal University Hospital Saskatoon City Hospital St. Paul's Hospital	<u>Surrounding Area:</u> Humboldt District Health Complex – Humboldt Lanigan Hospital – Lanigan Rosthern Hospital – Rosthern Wadena Hospital – Wadena Watrous District Health Complex – Watrous Wynyard Hospital – Wynyard

Health Centres and Other Facilities	
<u>Saskatoon:</u> Cameco Renal Health Centre Idylwyld Health Centre Kinsmen Children's Centre Larson House Brief Detox Royal University Hospital – Saskatchewan Cancer Agency	<u>Surrounding Area:</u> Borden Primary Health Centre – Borden Delisle Community Health & Social Centre – Delisle Lanigan Community Services Building – Lanigan LeRoy Community Health & Social Centre – LeRoy Nokomis Health Centre – Nokomis

Health Centres and Other Facilities (Continued)	
Royal University Hospital – Saskatchewan Cancer Agency Patient Lodge Youth Resource Centre	Quill Lake Community Health & Social Centre – Quill Lake Rosthern Community Services Building – Rosthern Spalding Community Health Centre – Spalding Wakaw Primary Health Centre - Wakaw Watrous Primary Centre – Watrous Watson Community Health Centre – Watson
Long-Term Care Homes	
<u>Saskatoon:</u> Central Haven Special Care Home Circle Drive Special Care Home Extencicare Special Care Home Luther Special Care Home Oliver Lodge Parkridge Centre Porteous Lodge Saskatoon Convalescent Home Sherbrooke Community Centre St. Ann’s Home St. Joseph’s Home Stensrud Lodge Sunnyside Adventist Care Centre	<u>Surrounding Area:</u> Bethany Pioneer Village – Middle Lake Central Parkland Lodge – Lanigan Cudworth Nursing Home/Health Centre – Cudworth Dalmeny Spruce Manor Special Care Home – Dalmeny Golden Acres – Wynyard Goodwill Manor – Duck Lake Lakeview Pioneer Lodge – Wakaw Langham Senior Citizen’s Home – Langham Last Mountain Pioneer Home – Strasbourg Manitou Lodge – Watrous Mennonite Nursing Home – Rosthern Pleasant View Care Home – Wadena Quill Plains Centennial Lodge – Watson St. Mary’s Villa – Humboldt Warman Mennonite Special Care Home – Warman

6.0 SELECTED REFERENCES

- Canadian Standards Association (CSA Group). (2014). *Z8002-14 Operation and Maintenance of Health Care Facilities*. Mississauga: Author.
- New South Wales Treasury. (2006). *Total Asset Management Guideline – Asset Maintenance Strategic Planning*. New South Wales: Author.
- Auditor General of Nova Scotia. (2012). *2012 Report-November*, Chapter 4, *Health and Wellness. Hospital System Capital Planning*. Halifax: Author.
- Provincial Auditor of Saskatchewan. (2012). *2012 Report-Volume 1*, Chapter 18, *Saskatchewan Opportunities Corporation – Maintaining Facilities in a Sustainable Way*. Regina: Author.
- Provincial Auditor of Saskatchewan. (2014). *2014 Report-Volume 2*, Chapter 37, *Saskatchewan Rivers School Division No. 119 – Processes to Maintain Facilities*. Regina: Author.
- Provincial Auditor of Saskatchewan. (2016). *2016 Report-Volume 1*, Chapter 12, *Prairie Spirit School Division No. 206 – Maintaining Facilities*. Regina: Author.

Chapter 13

Communicating Information about Government Programs and Services in a Non-Partisan Way

1.0 MAIN POINTS

The public expects communications of government agencies to inform them about government programs and decisions in a politically neutral way.

Based on 11 government agencies we studied, these agencies rely primarily on the expertise of their communications staff to understand what constitutes non-partisan communications, and keep communications non-partisan.

As of March 2019, the Government does not have centralized guidance to help more than 200 different agencies make sure their communications are non-partisan. We think it should.

Making criteria for non-partisan communications public could increase transparency. It could also build public confidence in government agencies' ability to communicate about programs and services in a neutral manner. Furthermore, this criteria could be useful in efficiently educating government officials involved with external communications.

2.0 INTRODUCTION

2.1 Focus of Study

This chapter sets out the results of our study of processes that selected government agencies used to make sure communications to the public about government programs and services are non-partisan.

For the purpose of this study, non-partisan communications are objective and not directed at promoting a political party or its interests. Generally, it adheres to facts, avoids political bias, and focuses on informing and educating the public about government programs and services.¹ See **Section 4.0** Study Objective, Questions, and Approach for further details.

To select ministries, Crown corporations, and other agencies for this study, we considered the following factors: level of communications expenses, volume of communications, and nature of communications. **Figure 1** lists the 11 agencies we selected.

¹ Auditor General of British Columbia, *Distinguishing Between Government Program & Partisan Political Advertising: An Update to our 1996 Report*, (2014).

**Figure 1—Selected Agencies**

➤ Executive Council	➤ SaskGaming
➤ Ministry of Environment	➤ SGI
➤ Ministry of Health	➤ SaskPower
➤ Ministry of Highways and Infrastructure	➤ SaskTel
➤ Ministry of Trade and Export Development	➤ Tourism Saskatchewan
➤ Saskatchewan Crop Insurance Corporation	

2.2 Background

The drafting and issuance of communications to the public is largely decentralized. The Government of Saskatchewan is made up of more than 200 different agencies that deliver government programs and services, and communicate directly to the public about them.²

Government agencies use various forms of communication to inform people about programs, policies, public rights and responsibilities, public safety, and other topics. These communications media include print, news releases, social media, radio, and television.

Government agencies use internal resources to prepare communications, such as labour and office equipment. They also contract with third parties for communications services, such as television and radio advertisements. For example, as shown in **Figure 2**, government agencies spent between \$18.8 million and \$31.0 million on advertising services from 2013-14 to 2017-18.

Figure 2—Third-party Advertising Expenses

	2017-18	2016-17	2015-16	2014-15	2013-14
Total Government-wide advertising expenses (millions of dollars)	\$18.8	\$22.7	\$24.0	\$28.5	\$31.0

Source: Executive Council's records.

2.3 Public Expectations about Government Communications

The public expects communications from government agencies to be politically neutral, and that these agencies only use public money to inform the public about government programs and not for political advertising. The line between these two areas can be blurry.

Having processes to help make sure Government communications do not support, in whole or in part, partisan activities increases the public's trust and confidence in the ability of government agencies to deliver programs and services in a neutral manner.

² The Government includes ministries like Health, crown corporations like SaskPower, and other agencies like Tourism Saskatchewan.

3.0 STUDY FINDINGS BY QUESTION

This section summarizes our findings based on responses (from our interviews conducted by March 2019) to each of the seven Study Questions (set out in italics) along with review of related documentation (e.g., guidelines). See **Section 4.0** for a list of our study questions.

3.1 Criteria for Non-Partisan Communications Not Documented and Made Public

How does your agency define what constitutes non-partisan or partisan communications?

Generally communications staff from each of the agencies held a common (albeit undocumented) definition as to what constitutes non-partisan communications.

As set out in **Figure 3**, common descriptors included emphasis that government communications are fact-based, and must align with the mandate and strategic direction of the agency. Each of the selected agencies also explained that government communications should not promote a political party.

Figure 3—Common Descriptors as to What Constitutes Non-Partisan Communications

Communications that:

- Provide factual information about agency or government programs and services
- Do not promote, support, or criticize a political party or the decisions of a political party
- Are rational
- Are informative
- Provide tangible benefits to (educates) the people of Saskatchewan related to the agency's purpose (e.g., public safety, protection of the environment, etc.)

Source: Interviews with selected agencies' communications staff.

How does your agency require that all external communications be non-partisan?

None of the 11 selected agencies documented its expectation that external communications be non-partisan.

Each of the selected agencies described a culture that supports non-partisan communications. Communications staff from each of the selected agencies referred to an implicit requirement that external communications from their agency be non-partisan. The number of communications staff in the agencies ranged from 3 to 13. Each noted they relied on the judgment and integrity of professional communications staff to prevent partisan communications.

Each of the selected agencies described experiencing little to no expectation or motivation for their agency to issue partisan communications. They credited this to a general government-wide understanding that external communications should be non-partisan.



Three of the selected agencies cited legislation and/or related policies that restricted employees' involvement in politics in their work. For example, *The Public Service Act, 1998* does not allow ministry staff to engage in political activities during work hours, or that could impair their usefulness in their jobs.^{3,4} One agency's policy did not allow staff to take part in any political or public activity that might be seen to compromise their impartial service to their employer. These selected agencies viewed these restrictions as supporting a culture where partisan external communications from government agencies are inappropriate.

We found that while these documents did not explicitly require non-partisan communications, they separated the business of government from political activities.

As of March 2019, in contrast to some other Canadian governments, the Government does not have a centralized policy or guidance to help its agencies make sure their communications are non-partisan. Other governments that provide such criteria or guidance about non-partisan communications include Canada, Alberta, and Ontario.⁵

Although the selected agencies did not identify any concerns raised about their agencies' communications being viewed as partisan, documenting criteria for what constitutes non-partisan communications could help strengthen government communications processes.

Documented criteria for what constitutes non-partisan communications could provide a ready way to train communications staff or other government officials involved in making decisions about external communications, especially during staff turnover.

Clear criteria would include expectations and a definition of non-partisan communications, as well as application guidance. Clear criteria would take into account differing communication risks resulting from varying types and mandates of agencies. For example, Executive Council, whose public communications focus on explaining the Government's direction and policy decisions, may need different criteria than an agency directly delivering services or programs.

In addition, making criteria for non-partisan communications public would increase transparency and build public confidence in the ability of government agencies to deliver programs and services in a neutral manner.

1. **We recommend the Government of Saskatchewan make public its criteria for what constitutes non-partisan communications about government programs and services.**

3.2 Responsibility for External Communications Clearly Assigned

How does your agency assign responsibility for making sure external communications are appropriate? What written guidance or other supports does your agency give staff to help

³ *The Public Service Act, 1998*, Section 33(2)(b).

⁴ *Ibid.*, Section 33(2)(c).

⁵ For Canada, see tbs-sct.gc.ca/pol/doc-eng.aspx?id=30683; for Alberta, see open.alberta.ca/dataset/6c3579d7-b44a-4cc9-bdaa-a00f38c06aad/resource/cef159d1-520e-4f4b-a4b0-40e1e90cd0b0/download/communications-policy.pdf; for Ontario, see ontario.ca/laws/statute/04g20. (4 April 2019).

prevent external communications that may be viewed as partisan? Who is responsible in your agency for actively monitoring that communications are non-political? How do they carry out that monitoring role?

Each of the selected agencies had well-established processes to review, approve, and monitor its agency's external communications.

In general, each of the selected agencies took a centralized approach to confirming external communications were appropriate prior to their issuance. Each of these assigned the responsibility for overseeing the quality and appropriateness of external communications to a member of senior management. In addition, staff within communications and operations branches had responsibilities for preparing and reviewing these communications.

While none of the selected agencies formally documented expectations about making sure external communications are non-partisan, each stated that employees understood this expectation. We found our discussions with them showed this understanding.

Three of the eleven selected agencies assign media enquiries to a spokesperson based on the subject matter, such as referring political enquiries to the Minister. Three other agencies focus on information useful to the public (or customer) by using communications plans, communications approval policies, or communications strategy templates.

Staff from the selected agencies used daily meetings of communications staff, media training, and writing presentations to foster a culture of non-partisan communications. In addition, one agency described its use of the Government of Canada's criteria for non-partisan communications as reference material to train new staff on the requirement for non-partisan communications (see **Figure 4**).

Figure 4—Advertising Standards Canada Policy Definition for Non-Partisan Communications

- Objective, factual and explanatory
- Free from political party slogans, images and identifiers
- Free from political party bias or affiliation
- Advertising is devoid of any name, voice or image of a minister, member of Parliament or senator
- The primary colour associated with the governing party is not used in a dominant way, unless an item is commonly depicted in that colour
- Ensuring initiatives that require parliamentary approval or trade agreements that require ratification are not advertised until such approval has been received

Source: canada.ca/en/treasury-board-secretariat/services/government-communications/advertising-oversight-mechanism/criteria-non-partisan-communications.html (4 April 2019).

Advertising Standards Canada also provides detailed criteria for each of these policy statements.

Eight agencies also monitor public response to media and social media after release of their communications. These monitoring processes included a daily media scan and monitoring social media posts.



3.3 Addressing Uncertainties and Complaints

What actions does your agency take to resolve uncertainty about whether a communication is political regardless of when the uncertainty was identified? What complaints, if any, has your agency received (either external or internal) about its communications being viewed as partisan?

Each of the selected agencies clearly described how it would identify and deal with uncertainties about whether a communication is political, if such an incident occurred.

All 11 selected agencies thought it would be very rare that its agency's communications would be viewed as partisan. Nine of them said it was unaware of any issued external communications that could be viewed as partisan. Two agencies each noted a communications request from new staff where it explained why the request was inappropriate (could be viewed as partisan), and did not fulfill it.

None of the 11 selected agencies received complaints about its agency's communications being viewed as partisan.

4.0 STUDY OBJECTIVE, QUESTIONS, AND APPROACH

The table below sets out our study objectives, key lines of enquiry (study questions), and approach.

The study did not constitute an audit and, accordingly, we did not conclude on the effectiveness of government agencies' processes to make sure communications to the public about government programs and services are non-partisan.

The study did not assess if communications released by government agencies were non-partisan. It also did not include processes to control the release of communications during an electoral writ period.

Study Objective:

To study the processes that selected government agencies used, at February 28, 2019, to make sure print, news releases, social media, radio, and television communications to the public about government programs and services are non-partisan.

Non-partisan communications are objective and not directed at promoting a political party or its interests. Generally, they adhere to facts, avoid political bias and focus on informing and educating the public about government programs and services. Selected agencies are listed in **Figure 1**.

Study Questions:

1. How does your agency define what constitutes non-partisan or partisan communications?
2. How does your agency require that all external communications be non-partisan?
3. How does your agency assign responsibility for making sure all external communications are appropriate?
4. What written guidance or other supports does your agency give staff to help prevent external communications that may be viewed as partisan?
5. Who is responsible in your agency for actively monitoring that external communications are non-political? How do they carry out that monitoring role?
6. What complaints, if any, has your agency received (either external or internal) about its external communications being viewed as partisan?

7. What actions does your agency take to resolve uncertainty about whether an external communication is political regardless of when the uncertainty was identified?^A

Study Approach:

The study gathered information related to the above study questions. Our Office developed these questions based on review of literature including reports of other auditors, and consultations with Executive Council management.

We interviewed management responsible for communications (e.g., Director of Communications) at selected government agencies to understand their key processes for making sure communications about government programs and services are non-partisan. We also reviewed documentation (e.g., policies, guidelines) shared by the agencies to support our understanding of the processes.

^A For the purposes of this study, non-political means the same as non-partisan; and political means the opposite of non-partisan.

5.0 SELECTED REFERENCES

Auditor General of British Columbia. (2014). *Distinguishing Between Government Program & Partisan Political Advertising: An Update to our 1996 Report*. Victoria: Author.

Australian National Audit Office. (2014). *Administering Regulation: Achieving the Right Balance: Better Practice Guide*. Canberra, Australia: Australian National Audit Office.

Follow-Up Audits

<u>Chapter</u>		<u>Page</u>
14	Central Services—Securing the Data Centre.....	217
15	Central Services—Using Consultants.....	221
16	Corrections and Policing, and Justice and Attorney General—Leading the Community Safety and Well-Being Initiative	223
17	Education—Capital Asset Planning for Schools.....	229
18	Education—Increasing Grade 12 Graduation Rates	233
19	Education—Monitoring School Instruction Time	239
20	Education—Putting into Operation the Education Sector-Wide Strategic Plan.....	243
21	eHealth Saskatchewan—Sharing Patient Data	245
22	Energy and Resources—Regulating Pipelines	249
23	Environment—Regulating Contaminated Sites	253
24	Finance—Monitoring the Fuel Tax Exemption Program.....	257
25	Government Relations—Safe Drinking Water in Northern Settlements	263
26	Health—Co-ordinating the Use of Lean.....	273
27	Health—Providing Special Needs Equipment for Persons with Disabilities.....	277
28	Highways and Infrastructure—Enforcing Vehicle Weight and Dimension Requirements	285
29	Immigration and Career Training—Co-ordinating English-Language Programs	293
30	Immigration and Career Training—Nominating Qualified Immigrant Applications.....	297
31	Immigration and Career Training—Working Towards Establishing Outcomes-Based Contracts	301
32	Living Sky School Division No. 202—Engaging Grades 7 to 12 Students.....	305
33	Prairie Spirit School Division No. 206—Maintaining Facilities.....	311
34	Saskatchewan Apprenticeship and Trade Certification Commission—Enabling Apprentices to Achieve Certification	319
35	Saskatchewan Health Authority—Providing Timely and Appropriate Home-Care Services in the City of Prince Albert and Surrounding Area.....	323
36	Saskatchewan Liquor and Gaming Authority—Regulating Commercial Permittees’ On-Table Sale of Liquor	329
37	SaskPower—Inspecting Gas and Electrical Installations	335
38	SaskTel—Purchasing Fibre Optic Network Upgrade and Other Network Hardware.....	339
39	Social Services—Placing Minister’s Wards in Permanent Homes	343
40	St. Paul’s Roman Catholic Separate School Division No. 20—Promoting Good Student Health and Physical Fitness	347
41	Technical Safety Authority of Saskatchewan—Inspecting Elevating Devices	353
42	University of Regina—Protecting Interests in Research.....	359
43	Water Security Agency—Co-ordinating Flood Mitigation	363
44	Water Security Agency—Ensuring Dam Safety	367
45	Modernizing Government Budgeting and Reporting	371

Chapter 14

Central Services—Securing the Data Centre

1.0 MAIN POINTS

The Ministry of Central Services provides IT services to 18 government ministries and seven other agencies. The Ministry uses a data centre, operated by a third-party service provider, to deliver IT services to its clients on its behalf. The data centre houses computer network equipment and servers that support client systems and data.

At December 2018, the Ministry addressed one of our two remaining recommendations related to securing the data centre.

We found the Ministry holds an adequate agreement with its service provider to offer disaster recovery services to the Ministry's clients. Disaster recovery plans for critical client IT systems are tested annually. Disaster recovery plans help clients recover as quickly as possible and continue to provide key services in the event of a disaster.

The Ministry has made progress on properly configuring and updating its server and network equipment, using a risk-based approach. The Ministry properly configures new servers and monitors the configuration of all servers. Network equipment is up-to-date. However, the data centre's firewall rules do not sufficiently restrict access to the data centre. Inadequate firewall rules increase the risk of a security breach.

2.0 INTRODUCTION

2.1 Background

The former Information Technology Office implemented an IT data centre in May 2005. In December 2010, the Information Technology Office outsourced the data centre to a third-party service provider. Effective May 25, 2012, the Information Technology Office became part of the Ministry of Central Services. The Ministry continues to outsource the data centre to a third-party service provider.

See **Section 4.0** for a listing of the ministries and agencies using the data centre to house their systems and process their data, which the Ministry refers to as clients.

2.2 Focus of Follow-Up Audit

Our *2006 Report – Volume 3*, Chapter 6, reports the results of our first audit on whether the former Information Technology Office provided adequate controls to protect the confidentiality, integrity, and availability of client IT systems and data. From 2006 to 2015, we audited the data centre annually. Given progress in making improvements, we decided to do follow-up audits every two to three years.



We last reported on the Ministry's controls to secure the data centre in our *2016 Report – Volume 1*, Chapter 5. We found two outstanding recommendations remained; the Ministry needed to:

- Adequately configure and update its server and network equipment
- Have a complete, and tested, disaster recovery plan for the data centre and clients' systems

This chapter describes our follow-up of management's actions on the two outstanding recommendations.

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 toward meeting our recommendations, we used the relevant criteria from the original audit. Management agreed with the criteria in the original audit.

We reviewed the Ministry's completed disaster recovery plans and testing conducted on the plans. Additionally, we assessed the configuration of the data center's firewalls, reviewed the Ministry's data classification policy, and assessed the Ministry's process to apply timely updates to servers and network devices.

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 on December 31, 2018, and the Ministry's actions up to that date.

3.1 Disaster Recovery Plans in Place and Tested

We recommended the Ministry of Central Services have a disaster recovery plan for the data centre and client systems. (2006 Report – Volume 3, p. 216, Recommendation 4; Public Accounts Committee agreement April 3, 2007)

Status – Implemented

The Ministry established disaster recovery plans and testing for critical client IT systems and data.

The Ministry renewed the data centre agreement with its service provider in 2016. Under the agreement, the Ministry receives disaster recovery testing once a year for four clients' critical IT systems.^{1,2} The agreement allows for additional disaster recovery testing as the Ministry determines it needs.

¹ The four clients include the Ministry of Social Services, Ministry of Finance, Ministry of Justice, and Ministry of Advanced Education. A few of the Ministry's clients also have separate disaster recovery agreements with other service providers to restore critical IT systems and data if a disaster occurs (e.g., Ministry of Finance – tax system; Ministry of Economy – oil and gas revenue system)

² Critical IT systems include the correctional and justice information system, student loan system, MIDAS financial and payroll system, child case management system, and the Saskatchewan Housing Corporation financial system.

Disaster recovery testing takes place in May or November each year. The service provider works with the Ministry and the applicable clients to recover the critical IT system with connectivity to the service provider's data centre in Ontario. Such a recovery scenario addresses a disaster where the data centre was no longer operational in Saskatchewan.

In addition, the Ministry's data centre service provider now has real-time data backup systems (i.e., redundant backups). This increases data reliability and uptime; there is no longer a need to wait to have a backup restored.

Having disaster recovery plans in place increases the likelihood of critical IT systems that support key services being available to the Government and the people of Saskatchewan in the event of a disaster.

3.2 Firewalls Not Effectively Configured

We recommended the Ministry of Central Services adequately configure and update its server and network equipment to protect them from security threats. (2012 Report – Volume 2, p. 224, Recommendation 2; Public Accounts Committee agreement September 23, 2014)

Status – Implemented, except for Firewall Configuration

Network Devices Updated but Data Centre Firewall Improperly Configured

Central Services uses network devices (e.g., routers, switches, and firewalls) to help protect its data centre from hackers. As of December 2018, we found the network devices are up-to-date and supported.

The Ministry's data centre firewalls are located at appropriate locations, and monitor and report security events. In 2017, the Ministry upgraded the data centre firewalls. Moreover, the Ministry's service provider applies updates to the firewall regularly.

However, we found that the data centre firewalls are improperly configured. The data centre firewalls do not have firewall rules appropriately defined to prevent unwanted access to the data centre. The Ministry is working with its service provider to review and update the data centre's firewall rules.

Inadequate firewall rules increase the risk of a security breach.

- 1. We recommend the Ministry of Central Services work with its service provider to configure its data centre firewalls to restrict inappropriate access.**

Servers Receiving Timely Updates

In 2017, the Ministry's service provider conducted a risk assessment to determine a reasonable patching schedule for servers. This schedule ranged from monthly to annually, depending on when server patches become available for each type of server. For 12 servers we tested, the Ministry's service provider applied all known updates to the servers in a timely manner.



The Ministry acknowledges there continues to be unsupported servers, which it manages on behalf of clients that use unsupported applications requiring unsupported versions of operating software. At December 2018, there remains 81 unsupported servers out of 986 servers (100 out of 1000 servers at December 2015). Using unsupported software means security updates (e.g., Windows updates or patches) are not available for these servers, which increases the risk of security breaches and availability issues.

The Ministry communicates to its clients the risks associated with continuing to use unsupported applications that rely on unsupported servers. The Ministry requires its clients to accept the risk of utilizing unsupported applications, or commit to a plan to upgrade the applications to a supported level.

Servers Properly Configured

In 2018, we found the Ministry completed documenting what client data resides on which particular server.

Also, in 2018, the Ministry defined four levels of data classification through their security policies. All new systems and servers added to the Ministry's data centre require the client to assess the level of security required based on data classification. We found the Ministry's Information Security Division conducts a threat risk assessment to determine the security configurations required to build the server securely. Before adding the server to the Ministry's data centre, a scan of the server is performed to ensure the security configuration is appropriate.

Additionally, we found the Ministry's Information Security Division scans all servers monthly, to identify security weaknesses (e.g., improper configurations). The Information Security Division makes change requests to address weaknesses found.

4.0 LIST OF CLIENTS AT DECEMBER 2018

Ministries:

- | | |
|--------------------------------------|---|
| Ministry of Advanced Education | Ministry of Government Relations |
| Ministry of Agriculture | Ministry of Highways and Infrastructure |
| Ministry of Central Services | Ministry of Immigration and Career Training |
| Ministry of Corrections and Policing | Ministry of Justice and Attorney General |
| Ministry of Education | Ministry of Labour Relations and Workplace Safety |
| Ministry of Energy and Resources | Ministry of Parks, Culture, and Sport |
| Ministry of Environment | Public Service Commission |
| Executive Council | Ministry of Social Services |
| Ministry of Finance | Ministry of Trade and Export Development |

Agencies:

- | | |
|--|---|
| Apprenticeship and Trade Certification Commission | Saskatchewan Crop Insurance Corporation |
| Financial and Consumer Affairs Authority of Saskatchewan | Saskatchewan Housing Corporation |
| Global Transportation Hub Authority | Saskatchewan Municipal Board |
| | SaskBuilds Corporation |

Chapter 15

Central Services—Using Consultants

1.0 MAIN POINTS

By October 2018, the Ministry of Central Services had implemented the final outstanding recommendation from our 2014 audit of processes for using consultants. The Ministry formally evaluated consultants' performance. In addition, it improved the standard wording of its contracts (template) to indicate that an evaluation of consultant performance will be completed.

Formally evaluating the performance of consultants will assist the Ministry in making future contracting decisions.

2.0 INTRODUCTION

The Ministry uses the services of consultants to obtain expertise and human resource capacity for specific periods of time or in relation to specific projects. The Ministry signed 48 contracts worth \$14.2 million for consultants between April 1, 2017 and September 30, 2018.

Our *2014 Report – Volume 2*, Chapter 30 concluded that the Ministry of Central Services' processes for the use of consultants, in effect at that time, were not effective. We made five recommendations. In 2016, we concluded that, by August 2016, the Ministry had implemented three, partially implemented one, and that one was no longer relevant.¹

This follow-up describes management's actions on the one outstanding recommendation.

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.

To complete our follow-up audit, we reviewed the Ministry's most recent template for consultant contracts. We also tested a sample of new and completed contracts to assess if the Ministry formally assessed its consultants.

3.0 STATUS OF RECOMMENDATION

This section sets out the recommendation including the date on which the Standing Committee on Public Accounts agreed to the recommendation, the status of the recommendation at October 31, 2018, and the Ministry's actions up to that date.

¹ *2016 Report—Volume 2*, Chapter 33, Central Services—Use of Consultants.



3.1 Consultant Performance Evaluated

We recommended that the Ministry of Central Services improve its agreements with consultants to include:

- ***Services to be provided, in sufficient detail to permit evaluation of consultant performance***
- ***Provisions for monitoring and evaluation***
- ***Dispute resolution***

(2014 Report – Volume 2; p. 163, Recommendation 3; Public Accounts Committee agreement June 17, 2015)

Status – Implemented²

In January 2017, the Ministry implemented a new template for consultant contracts. The new template includes a clause for evaluating consultant performance.

For eight contracts we examined, each contained a clause for conducting consultant performance evaluations. For five completed contracts we tested, the Ministry had evaluated the consultant's performance by the end of the contract assessing if the consultant had met the Ministry's needs.

² Our 2016 Report-Volume 2, Chapter 33 had previously reported the Ministry had sufficiently updated its consultant contract template to include service details and dispute resolution processes.

Chapter 16

Corrections and Policing, and Justice and Attorney General—Leading the Community Safety and Well-Being Initiative

1.0 MAIN POINTS

By January 2019, the Ministries of Corrections and Policing, and Justice and Attorney General improved some of their processes to lead the Community Safety and Well-Being Initiative and, in particular, to better support the 14 Community Mobilization Hubs located across Saskatchewan. This initiative aims to reduce crime by having agencies voluntarily work together to respond to at-risk, marginalized, and vulnerable individuals and families.

The Ministries confirmed that the agencies deciding to participate in a Hub (like local policing services and school divisions) accept and understand their roles within the initiative. Also, the Ministries gave Hubs additional direction and staffing support.

The Ministries need engaged participating agencies for the initiative to be successful. Confirming participating agencies accept and understand expectations increases the likelihood of connecting acutely-elevated risk individuals or families to necessary services, and addressing the root causes of crime.

Further improvements are underway. The Ministries were working on determining how best to measure the success of the Community Safety and Well-Being Initiative, and its impact on increasing safety of Saskatchewan communities. The Ministries expect to make this determination in the spring of 2019.

2.0 INTRODUCTION

2.1 Background

Saskatchewan has historically, and continues to have, one of the highest crime rates in Canada and requires a focused approach to crime reduction in addition to enforcement. The Building Partnerships to Reduce Crime approach was launched by Government, in 2010, to address the urgent need for new approaches to crime in Saskatchewan as desired by police, the Government of Saskatchewan, and the public.¹

The overall goal of Building Partnerships to Reduce Crime is to reduce crime by using a risk-driven crime reduction partnership approach. The combined approach, efforts, expertise, information, intelligence and resources of the justice system and human services system contribute in deliberate and co-operative ways to address the full spectrum of crime reduction: prevention, intervention and suppression. The overall focus of this approach is on reducing victimization and improving community safety outcomes.²

¹ www.publicsafety.gc.ca/cnt/cntrng-crm/plcng/cnmcs-plcng/ndx/dtls-en.aspx?n=154 (11 February 2019).

² Ibid.



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 Ministries rebranded the Building Partnerships to Reduce Crime initiative in 2017 to the Community Safety and Well-Being initiative to more accurately reflect the collective work that is taking place across sectors. This initiative is part of Integrated Justice Services. Integrated Justice Services is responsible to both the Ministry of Corrections and Policing and the Ministry of Justice and Attorney General.

As of January 2019, there were 14 Community Mobilization Hubs in Saskatchewan serving 14 communities located across Saskatchewan and 1 Centre of Responsibility located in Prince Albert.^{3,4}

The main objective of a Hub is to proactively provide an integrated response to at-risk, marginalized, and vulnerable populations, based on an understanding of composite risk factors, while improving community safety and well-being. The focus of a Hub is to identify individuals or families with acutely elevated risk factors that cannot be addressed by a single agency alone, and to mobilize human service agencies toward a targeted and timely response specific to individual and/or family need.⁵ Each Hub has a chairperson and a steering committee.

Community Mobilization Hubs are comprised of agencies specific to the needs of their community who agree to participate (participating agencies). Examples of participating agencies include ministries of Social Services and Health, policing services, and school divisions.

Steering Communities are responsible for guiding its local Community Mobilization Hub, discussing systemic issues within the Community Mobilization Hub, and responding to identified issues. A steering committee is comprised of senior officials of the participating agencies within the Community Mobilization Hub.

The Centre of Responsibility focuses on data collection, research, and quantitative analysis to identify systemic gaps and opportunities for improved community safety and wellness.⁶ The Centre of Responsibility is comprised of human service professionals.

2.2 Focus of Follow-Up Audit

Our *2016 Report – Volume 1*, Chapter 10 concluded that the Ministry of Justice did not have effective processes to lead the Building Partnerships to Reduce Crime initiative. We made four recommendations.

This chapter describes our first follow-up of management's actions on the recommendations we made in 2016.

³ The Hubs are located in Weyburn/Estevan, La Ronge, Prince Albert, Nipawin, Melfort, Saskatoon, Moose Jaw, Swift Current, Yorkton, North Battleford, Lloydminster, Meadow Lake, Île-à-la-Crosse, and Regina.

⁴ The Prince Albert community steering committee announced April 2, 2019 that the Centre of Responsibility will cease operations June 28, 2019.

⁵ www.results4america.org/wp-content/uploads/2017/07/LandscapeCS_Canada_4.pdf (16 February 2019).

⁶ Ibid.

To conduct this audit engagement, we followed the standards for assurance engagements published in the *CPA Canada Handbook – Assurance* (CSAE 3001). To evaluate the Ministries' progress towards meeting our recommendations, we used the relevant criteria from the original audit. The Ministries' management agreed with the criteria in the original audit.

To carry out our audit engagement, we interviewed related staff of each Ministry, Centre of Responsibility staff, and participants of the Saskatchewan Community Mobilization Hubs and Steering Committees; reviewed Steering Committee minutes and relevant documents; and assessed the reasonableness of supporting documentation.

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 January 31, 2019, and the Ministries' actions up to that date.

3.1 Ministries Confirm Agencies Accept and Understand Their Roles and Provide Additional Direction and Tools

We recommended that the Ministry of Justice and Attorney General and the Ministry of Corrections and Policing confirm agencies, who decide to participate in a Community Mobilization Hub, accept and understand their roles within the Community Safety and Well-Being initiative.^{7,8}

(2016 Report – Volume 1, p. 106, Recommendation 1; Public Accounts Committee agreement January 11, 2017)

Status – Implemented

The Ministries confirm that the agencies participating in individual Hubs accept and understand their roles within the Community Safety and Well-Being initiative by signing an information-sharing agreement. This agreement sets out the information-sharing process and the responsibilities of participating agencies.

As of January 2019, all 14 Hubs had signed information-sharing agreements with participating agencies. These agreements sufficiently set out the responsibilities for how and what information participating agencies share (e.g., collection, use and disclosure). The agreement also sets out the purpose, definitions and content of Hub records.

Hubs need engaged participating agencies to be successful. Confirming participating agencies accept and understand expectations increases the likelihood of connecting acutely-elevated risk individuals or families to necessary services, and addressing the root causes of crime.

⁷ Ministries formerly known as the Ministry of Justice.

⁸ Formerly known as the Building Partnerships to Reduce Crime initiative.



We recommended that the Ministry of Justice and Attorney General and the Ministry of Corrections and Policing provide additional direction and tools to support members of the Centre of Responsibility and Community Mobilization Hubs.⁹ (2016 Report – Volume 1, p. 110, Recommendation 3; Public Accounts Committee agreement January 11, 2017)

Status – Implemented

The Ministries clarified their support to Hubs by setting out responsibilities in the information sharing agreements signed by all participating agencies, and increased the support they provide to Hubs.

Since 2016 (the time of our initial audit), the Ministries increased their support staff from one to three full-time equivalent positions. As of January 2019, about three full-time equivalent ministry consultants were responsible for giving support to Hubs and their participating agencies, and members of the Centre of Responsibility. Ministry consultants periodically attend meetings of Hubs. From January to December 2018, we found they attended approximately 60 meetings.

In addition, the Ministries encourage Hubs and members of the Centre to request additional direction or tools (e.g., answer questions about specific issues, and provide leadership about how the process works) from ministry consultants. The consultants also are in contact with Hub and Steering Committee Chairs to answer questions, give guidance on the process, and schedule attendance at meetings. In addition, the Ministries continue to give Hubs access to a database.¹⁰

In addition, the Ministries hold a yearly symposium/seminar for the Chairs of Hubs. Since the 2016 audit, the Ministries have held two annual symposiums/seminars. At January 2019, they were in the process of planning the 2019 symposium/seminar.

In May 2018 (the most recent annual symposium/seminar), the Ministries shared general concepts of the Community Safety and Well-Being initiative, statistics on discussions and interventions, and provincial statistics (e.g., Hub discussions by area, total Hub discussions) with the 29 attendees. Attendees included Steering Committee members, Hub chairs, and members representing 11 of the 14 Hubs.

Having additional support of Ministries' staff increases participating agency engagement in the Hubs, and likelihood of success of the overall work of the Hubs.

⁹ Ministries formerly known as the Ministry of Justice.

¹⁰ The Hub database tracks key information pertaining to the Community Safety and Well-Being initiative (e.g., number of referrals by Hubs, number of people that accept services).

3.2 Ministries Need to Identify Additional Measure(s) of Success

We recommended that the Ministry of Justice and Attorney General and the Ministry of Corrections and Policing identify how to measure the success of the Community Safety and Well-Being initiative.^{11,12}

(2016 Report – Volume 1, p. 108, Recommendation 2; Public Accounts Committee agreement January 11, 2017)

Status – Partially Implemented

We recommended that the Ministry of Justice and Attorney General and the Ministry of Corrections and Policing in collaboration with the Centre of Responsibility and Community Mobilization Hubs, analyze and report on the success of the Community Safety and Well-Being initiative.^{13,14}

(2016 Report – Volume 1, p. 111, Recommendation 4; Public Accounts Committee agreement January 11, 2017)

Status – Not Implemented

As of January 2019, the Ministries were working on a project with the Centre of Responsibility to determine how best to measure success of the Community Safety and Well-Being initiative, and its impact to Saskatchewan communities on increasing community safety. The Ministries expect to make this determination in the spring of 2019.

As of January 2019, the Centre of Responsibility was revamping its strategic plan. This involved determining how the Centre of Responsibility will measure its success. Also, the Centre of Responsibility was developing a project proposal to determine how to measure success of the Community Mobilization Hub model.

The Ministries are currently using the number of Hub discussions and connections to services as an indicator of success for the Community Mobilization Hub model, and to lead discussions with the Steering Committees (about Hubs' activity). Also, the Ministries reported this information on their visibility wall.¹⁵

Measuring overall success would support the Ministries' goal of increasing community safety, and addressing the root causes of crime. Without determining how to measure the success of the Community Safety and Well-Being initiative, the Ministries cannot make adjustments to the Community Mobilization Hub model, understand if the initiative is making a difference on addressing the root causes of crime, and report on the success (or failure) of the initiative. Also, without this information, the Ministries cannot determine the value of agencies participating in the Community Safety and Well-Being initiative.

Collaborating to develop a process to analyze results will assist in consistent analysis and reporting of the Community Safety and Well-Being initiative results. This will allow the Ministries, the Centre of Responsibility, and Hubs to utilize the information to inform decision making, address systemic issues, and report on the success of the initiative.

¹¹ Ministries formerly known as the Ministry of Justice.

¹² Formerly known as the Building Partnerships to Reduce Crime initiative.

¹³ Ministries formerly known as the Ministry of Justice.

¹⁴ Formerly known as the Building Partnerships to Reduce Crime initiative.

¹⁵ A visibility wall is a digital location to view the work (e.g., data charts) of the organization or unit.

Chapter 17

Education—Capital Asset Planning for Schools

1.0 MAIN POINTS

By January 2019, the Ministry of Education had implemented one of the last two remaining recommendations we made in our 2013 audit of its capital asset planning processes for Pre-Kindergarten (Pre-K) to Grade 12 educational facilities.

The Ministry established a capital asset strategy. The strategy includes the development of a 10-year capital asset plan for the provincial Pre-K to Grade 12 system.

Working with school divisions, it developed a comprehensive manual about infrastructure planning and related funding programs. The Ministry and school divisions are using the guidance to better co-ordinate infrastructure planning for educational facilities across the province.

The Ministry has not yet determined how it will monitor the success of the capital asset strategy. Rather it had focused its monitoring efforts on evaluating some of its infrastructure funding programs (e.g., major capital, relocatables).

2.0 INTRODUCTION

2.1 Background

The Education Act, 1995 gives the boards of education the responsibility for the administration and management of school facilities, with oversight from the Ministry. The Ministry has the responsibility to oversee capital asset projects for the entire provincial Pre-K to Grade 12 system. Each school division is responsible for identifying and analyzing its capital asset needs as compared to existing capacity.

The Act also requires the Ministry to approve all major capital projects such as construction of new school buildings, additions to existing school buildings, or major renovations of school buildings. Each division is also responsible for seeking Ministry approval for projects to meet identified needs. The Ministry is responsible for aligning capital project funding with the educational needs of communities and the provincial Pre-K to Grade 12 system as a whole.

Effective capital asset planning processes can reduce the risk of aging schools and infrastructure in the province. They help the Ministry of Education to ensure the right size of schools are in the right location, and reduce the risk of funding lower priority capital projects.



2.2 Focus of Follow-Up Audit

Our *2013 Report – Volume 1*, Chapter 8, reported that the Ministry did not have effective capital asset planning processes for facilities to house and support educational programs and instructional services for students in divisions. It included eight recommendations. The Ministry had implemented six of eight recommendations and partially implemented two recommendations by December 31, 2016.¹

This chapter describes the results of our third follow-up of management's actions on the two outstanding recommendations.

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.

To carry out our follow-up audit, we discussed actions taken with Ministry management and reviewed appropriate documentation related to capital planning such as the Capital Manual for Saskatchewan School Divisions and program evaluations.

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 January 31, 2019, and the Ministry's actions up to that date.

3.1 Education Sector Capital Asset Strategy Developed

We recommended that the Ministry of Education develop and use a capital asset strategy that co-ordinates overall capital needs for schools in the provincial Pre-Kindergarten to Grade 12 system. (2013 Report – Volume 1, p.71, Recommendation 1; Public Accounts Committee agreement January 14, 2015)

Status – Implemented

The Ministry has developed a capital asset strategy. The strategy includes principles of developing a capital plan, goals, considerations, and desired content of plans. The strategy incorporates school facilities for Pre-K to Grade 12 schools across the province. In general, its capital asset strategy is to have a 10-year capital asset plan for the provincial Pre-K to Grade 12 system.

Having long-term capital plans is consistent with good practice. A 10-year capital asset plan provides school division boards with information and insight to inform decision making for future capital asset priorities and for strategies to manage facilities (e.g., construct, renovate, and modernize).

¹ Previous follow-ups of the Ministry's actions on recommendations were reported in our *2015 Report – Volume 1*, Chapter 20 and *2017 Report – Volume 1*, Chapter 19.

Since 2017, the Ministry has implemented its capital asset strategy through the creation of a comprehensive manual—*Capital Manual for Saskatchewan School Divisions*. The Ministry developed the manual in collaboration with school divisions. The Ministry hopes the manual will help in providing a clearer understanding of both roles of school divisions and the Ministry with respect to infrastructure maintenance and capital planning.

The manual includes detailed guidance for school divisions about infrastructure planning, infrastructure funding, school utilization, and community use of school facilities (policies, templates, expected processes).² Under infrastructure funding, the manual describes each of the Ministry’s key funding programs (major capital, preventative maintenance and renewal, relocatable classroom, and emergent funding). By December 2018, the Ministry published the manual on the Government’s website.³

We found the manual contained sufficient detail to assist school divisions in developing their 10-year capital plans, and in gathering and submitting key information (e.g., facility condition index, school utilization) to the Ministry to support the 10-year capital asset plan.

We found the information that school divisions are to submit is sufficient to inform Ministry decisions on which schools to build and/or renovate.

The manual outlines the Ministry approach to prioritizing school division requests for major capital projects (see **Figure 1**). Having a documented approach helps the Ministry prioritize projects on a consistent basis, and should help school divisions understand the Ministry’s decisions.

Figure 1 – Ministry Major Capital Project Prioritization Approach Effective for 2019-20 Budget Cycle

The prioritization approach places the greatest priority on health and safety. It incorporates a new formula for calculating school utilization. It applies the following eight factors with a rating system based on a two- to three-point scale:

1. **Health and Safety:** addresses elements that pose risk to student/teacher health and safety.
2. **Utilization:** reflects how full a school is, shown as a percentage of capacity.
3. **Efficiency:** incentivizes consolidation of schools and joint-use projects.
4. **New Growth:** recognizes enrolment pressures in new communities/subdivisions.
5. **Functionality/Contribution to Program:** addresses functionality/programming concerns.
6. **Contribution to Community:** recognizes project’s positive impacts on the community.
7. **Facility Condition:** reflects the general condition of the school using the Facility Condition Index.
8. **Project Evaluation based on Provincial Priorities:** assesses the most effective and efficient means to address each project by examining alternative funding options.

Some factors, like health and safety, receive a greater weighting than others.

Source: *Capital Manual for School Divisions*.

We reviewed five of the Ministry’s evaluations of school division requests for major capital asset projects. We found that, for each of these projects, the Ministry used guidance as set out in the manual to prioritize and make decisions about each of these requests.

Having a capital asset plan for the provincial Pre-K to Grade 12 system provides a foundation for coordinated analysis and decisions about educational infrastructure.

² The manual includes links to the Ministry’s website and current capital policies and guidelines.

³ publications.gov.sk.ca/documents/11/109593-Capital%20Manual%20for%20Sask%20School%20Divisions.pdf (5 March 2019).



3.2 Means to Monitor Success of Capital Asset Strategy Not Yet Determined—Evaluations of Funding Programs Underway

We recommended that the Ministry of Education develop and implement measures and targets to monitor the success of its capital asset strategy across the provincial Pre-Kindergarten to Grade 12 System. (2013 Report – Volume 1, p.85, Recommendation 8; Public Accounts Committee agreement January 14, 2015)

Status – Partially Implemented

As of January 2019, the Ministry had not determined measures or set targets to monitor the success of its capital asset strategies (e.g., analysis of utilization to assess whether schools were built in the right place at the right time, expected versus actual life-cycle costs, number of capital projects completed within budget, etc.).

The Ministry plans to set measures and targets to measure the success of its Capital Asset Strategy.⁴ It also plans to identify opportunities for improvement for its infrastructure programs with regular evaluations and collaboration with school divisions.

As of January 2019, the Ministry had focused its monitoring efforts on evaluating its infrastructure funding programs (e.g., major capital, relocatable, emergent). The evaluations consisted of surveys and discussions with schools divisions involved in the program. The Ministry expects to use of the results of these evaluations to help it improve programming.

By January 2019, it had evaluated the prioritization process used in its major capital program, and was evaluating the relocatable classroom program. We found for the evaluations done or underway the Ministry had not set evaluation criteria to cover all aspects of the program. The Ministry expects to evaluate its emergent, and other aspects of its major capital project programs in 2019 and 2020 respectively.

Without measures and targets to evaluate the success of its capital asset strategies, the Ministry cannot appropriately measure whether capital funding is effectively used. Performance measures can assist organizations in identifying strategies that are not effective to allow timely adjustments.

⁴ Ministry of Education *Annual Report 2017-2018*, p. 26.

Chapter 18

Education—Increasing Grade 12 Graduation Rates

1.0 MAIN POINTS

By January 2019, the Ministry of Education made progress in improving its processes to increase Grade 12 graduation rates. The Ministry developed processes to identify and communicate key strategies to strengthen student achievement and increase Grade 12 graduation rates. It also identified critical risks to student graduation and analyzed data to monitor the impact that risks had on graduation rates.

The Ministry continued to work on assessing school divisions' plans to improve graduation rates. It collected graduation-rate improvement plans from all school divisions and planned to assess these plans during the 2018-19 school year. When the Ministry reviews these plans, it can determine whether the divisions have appropriate strategies to address the risks to student graduation.

2.0 INTRODUCTION

2.1 Background

The Ministry is responsible for providing leadership and direction to the Pre-Kindergarten through Grade 12 education sector. The Ministry promotes higher student achievement and well-being for Saskatchewan children and youth, and improved literacy skills for all, as a foundation of the province's social and economic growth.¹

Graduating from Grade 12 is an important personal goal with broad societal implications. On a personal level, students who do not complete Grade 12 have fewer work opportunities, less income, and ultimately poorer health. Over the long term, Grade 12 graduation rates affect the size of the skilled workforce and the provincial economy.

In 2013, the Ministry of Education and school divisions formed the Provincial Leadership Team to lead and co-ordinate the development and implementation of the Education Sector Strategic Plan (ESSP).^{2,3} One of the goals included in the ESSP is that by June 30, 2020, Saskatchewan will achieve an 85% three-year graduation rate and a 90% five-year graduation rate.⁴ The Provincial Leadership Team formed a Graduation Rates Leadership Team in 2016-17 to examine on-time graduation rates, start conversations, and share information amongst school divisions to identify possible solutions to help increase the provincial graduation rate.⁵

¹ *Ministry of Education Plan for 2018-19*, p. 3.

² The Provincial Leadership Team is made up of the Deputy Minister of Education, the Ministry's Assistant Deputy Ministers, the Director of Education from each of the 28 school divisions, and representatives from the First Nations' school system.

³ The Education Sector Strategic Plan (ESSP) is a multi-year strategic plan focused on specific outcomes and achieving goals set out in the *Saskatchewan Plan for Growth: Vision 2020 and Beyond*.

⁴ *Ministry of Education Plan for 2018-19*, p. 8.

⁵ www.saskgraduates.ca/about/about-us (2 February 2019).



Figure 1 illustrates the three-year, five-year, and eventual graduation rates of Saskatchewan students completing Grade 12 from June 2011 to June 2018. It shows the difference in graduation rates for students who have identified themselves as First Nation, Métis, and Inuit students (FNMI) as compared to all students.

In the 2004-05 school year (the baseline school year), the overall graduation rate for students graduating within three years was 75.6% (FNMI: 31.5%) and the overall graduation rate for students graduating within five years was 81.4% (FNMI: 47.1%).⁶ As **Figure 1** shows, the overall three-year graduation rate remained relatively flat since 2004-05, whereas the FNMI graduation rate increased by over 41%.

Figure 1 – Trend for Completion of Grade 12

Completing Grade 12	Three-year (within three years) ^A			Five-year (within five years) ^A			Eventual (more than five years) ^A		
	All	Non-FNMI	FNMI ^B	All	Non-FNMI	FNMI ^B	All	Non-FNMI	FNMI ^B
2004-05 (baseline)	75.6		31.5	81.4		47.1			
June 2011	72.7	81.8	32.9	81.3	87.9	48.5	84.8	89.0	60.3
June 2012	73.7	82.9	35.9	81.2	88.0	49.7	85.6	89.1	63.0
June 2013	74.8	83.9	37.4	80.1	87.0	50.0	84.7	88.8	62.8
June 2014	74.7	83.4	40.3	81.4	88.1	54.2	85.6	90.2	63.1
June 2015	75.2	84.3	40.1	82.5	89.2	55.9	85.7	90.5	63.5
June 2016	75.6	84.6	41.9	83.3	89.5	59.6	84.5	89.5	63.4
June 2017	76.5	85.4	43.2	84.0	90.4	59.8	85.3	90.4	64.8
June 2018	77.4	86.5	44.5	84.4	91.1	59.4	85.8	90.9	65.4

Source: *Ministry of Education 2017-18 Annual Report*, p. 18, and information provided by the Ministry of Education. This is the most recent data available to January 31, 2019.

^A Three-year graduation rates are calculated as the percentage of students who complete Grade 12 within three years of starting Grade 10. Five-year graduation rates are calculated as the percentage of students who complete Grade 12 within five years of starting Grade 10 (and include those who graduate within three years). Eventual graduation rates are calculated as the percentage of students who complete Grade 12 at any time after starting Grade 10 (and include those who graduate within three to five years).

^B FNMI students are those who choose to self-identify as First Nations (Registered/Treaty/Status Indian, Non-Status Indian), Métis, or Inuit/Inuk.

2.2 Focus of Follow-Up Audit

Our *2012 Report – Volume 1*, Chapter 2 assessed the Ministry's processes to increase Grade 12 graduation rates above 2004-05 baselines. It included ten recommendations. The Ministry had implemented five of the ten recommendations by February 28, 2017.⁷

This chapter describes our third follow-up of the Ministry's actions on the five remaining recommendations we first made in 2012.

To conduct this audit engagement, we followed the standards for assurance engagements published in the *CPA Canada Handbook – Assurance (CSAE 3001)*. To evaluate the

⁶ *2014 Report – Volume 1*, Chapter 19, *Education – Grade 12 Graduation Rates*, (2014), p. 164.

⁷ Previous follow-ups of the Ministry's actions on recommendations were reported in our *2014 Report – Volume 1*, Chapter 19 and *2017 Report – Volume 1*, Chapter 20.

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.

To perform this follow-up audit, we examined documentation of risks limiting student graduation, along with strategies to mitigate those risks. We reviewed the Ministry's process to collect and assess school divisions' graduation-rate improvement plans and reports it used to monitor improved graduation rates. We also interviewed relevant Ministry officials.

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 January 31, 2019, and the Ministry's actions up to that date.

3.1 Strategies Identified and Risks Analyzed

We recommended that the Ministry of Education identify practical, key strategies that have proven effective in Saskatchewan and other jurisdictions to strengthen student achievement and increase Grade 12 graduation rates. (2012 Report – Volume 1, p. 38, Recommendation 4; Public Accounts Committee agreement January 14, 2015)

Status – Implemented

We recommended that the Ministry of Education direct school divisions to use key effective strategies (once identified by the Ministry) that have proven practical for overcoming the most significant risks of school divisions affecting student achievement and for increasing Grade 12 graduation rates. (2012 Report – Volume 1, p. 40, Recommendation 5; Public Accounts Committee agreement January 14, 2015)

Status – Implemented

The Ministry developed processes to identify key strategies to strengthen student achievement and increase Grade 12 graduation rates. The Ministry communicated these strategies to school divisions.

Since our 2017 follow-up audit, we found the Ministry supported various education sector initiatives enabling staff from the Ministry and school divisions to discuss and exchange ideas for improving graduation rates. These initiatives included symposiums addressing graduation rates and student attendance, as well as a website dedicated to sharing promising practices for improving graduation rates.⁸ The website includes resources for teachers, students, and schools for initiatives such as the My Student First Classroom initiative, which supports student engagement.

⁸ The Graduation Rates Leadership Team maintains a website (www.saskgraduates.ca/about/about-us) to share the results of graduation rate research and promising practices to help build supports for school divisions and First Nations education authorities.



We found the Ministry communicated information relevant to student graduation, as necessary, in bi-weekly bulletins to school divisions across the province. These bulletins included information about new initiatives (e.g., dual credit course offerings, summer school, special project credits), and student requirements (i.e., graduation and post-graduation plans) that could improve graduation rates.⁹

Key effective strategies provide school divisions with a means to improve graduation rates by focusing on factors with the most impact on student success.

We recommended that the Ministry of Education require school divisions to report critical risks limiting student achievement and that the Ministry analyze provincial progress in reducing critical risks. (2012 Report – Volume 1, p. 42, Recommendation 8; Public Accounts Committee agreement January 14, 2015)

Status – Intent of Recommendation Implemented

We recommended that the Ministry of Education analyze and report whether school divisions use key effective strategies that could influence Grade 12 graduation rates. (2012 Report – Volume 1, p. 42, Recommendation 9; Public Accounts Committee agreement January 14, 2015)

Status – Intent of Recommendation Implemented

The Ministry identified critical risks to student graduation and analyzed data to monitor the impact risks had on graduation rates.

We found the Ministry identified risks to graduation rates through its various interactions with school divisions, such as feedback it received from graduation rate symposiums, surveys, and meetings with directors of education. The Ministry also obtained information about risks to graduation from its review of school divisions' ESSP action plans.¹⁰

Some of the key risks limiting student achievement identified by the Ministry included:

- Student mental health
- Student readiness for learning
- Supports for FNMI students
- Student engagement and attendance
- Increasing demands for student services (e.g., intensive needs, English as an Additional Language programming)

The Ministry analyzed student data and graduation rates to monitor improvements in student achievement and the impact that risks had on graduation rates. We found the Ministry prepared various student data reports—some of which clearly illustrated the

⁹ Dual credit course offerings support student credit attainment by providing students with opportunities to earn high school credits and post-secondary credits at the same time in the same course. Special project credits support student engagement and credit attainment by offering alternate paths to graduation more focused on workplace training.

¹⁰ As part of the ESSP, each school division creates its own action plan that aligns with the provincial outcomes set out in the ESSP.

correlation between specific risks (e.g., attendance, transiency), and their impact on student achievement.

The Ministry communicated with school divisions at the 2018 graduation rates symposium regarding the use of data analysis to identify key effective strategies to improve graduation rates. For example, the Ministry directed school divisions toward the monitoring of student engagement, credit attainment, or attendance—areas identified by the Ministry as being key factors contributing to student graduation.

For a sample of three school divisions, we found the Ministry provided data reports to the divisions on a monthly basis, along with other information relevant to graduation rates (e.g., reports indicating the percentage of students on track to graduate throughout the year). The Ministry also provided these divisions with reports detailing information about their annual graduation rates (e.g., trends, required yearly increase in graduation rates to achieve the 2020 target in the ESSP).

Analysis of the data surrounding the risks limiting student achievement enables school divisions to focus their efforts on the risks that will provide the most impact to their students' achievement.

3.2 Plans Collected But Not Assessed

We recommended that the Ministry of Education review each school division's Continuous Improvement Plan and assess its planned use of key effective strategies before approving the school division's budget for the related school year. (2012 Report – Volume 1, p. 40, Recommendation 6; Public Accounts Committee agreement January 14, 2015)

Status – Partially Implemented

At January 2019, the Ministry collected graduation rate improvement plans from all school divisions but had not begun assessing the plans.

The Ministry collected recent plans from all school divisions and developed draft criteria to assess the plans. The Ministry expected to finalize its draft criteria and plans to begin assessing the school divisions' plans before the end of the 2018-19 school year.

The Ministry's review of school divisions' graduation rate improvement plans will help in determining whether the divisions have appropriate strategies to address the risks to student graduation.

Until the Ministry reviews the school divisions' plans, it will not know whether the divisions have appropriate strategies to address the risks to student graduation.

Chapter 19

Education—Monitoring School Instruction Time

1.0 MAIN POINTS

By January 2019, the Ministry of Education made limited progress in improving its processes to monitor school divisions' delivery of minimum required instruction time for required areas of study (e.g., 210 minutes per week for Grade 6 math).

The Ministry does not actively monitor whether each school division provides students with at least the minimum amount of instruction time for required areas of study. The Ministry expects schools to monitor, but does not check that they are.

Not all school divisions are actively monitoring whether they comply with the minimum amount of instruction time for required areas of study. For example, three of the four school timetables we reviewed did not meet the provincial minimum requirements for the instructional time for various required areas of study. Directors of Education of these divisions were not aware of these exceptions and did not report them to the Ministry.

Active monitoring would help the Ministry to know whether school divisions meet the Ministry's requirements for instruction time. It would also help it identify school divisions, if any, where it needs to take corrective action to ensure students receive sufficient instruction time for all required areas of study.

2.0 INTRODUCTION

2.1 Background

In 2008, the Ministry determined that students were not receiving actual instructional time in the amounts that it requires. For example, in the *2008 Saskatchewan Education Indicators Report*, the Ministry reports that the percentage of classrooms receiving the required time of instruction in the subject of mathematics for Grades 5, 8 and 11 (Math 20) were 46%, 63%, and 4.3% respectively.¹

By law, instructional time is any time in which pupils of a school are in attendance and under teacher supervision for the purpose of receiving instruction in an educational program.² Educational programs include work experience programs, parent-teacher-pupil conferences, examinations, and other learning activities that school boards provide.

By law, in each school year, school boards must provide at least 950 hours of instructional time for Grades 1 to 12, and 475 hours of instructional time for kindergarten.³

In addition, the Ministry, through the Ministry of Education's *Registrar's Handbook for School Administrators*, requires school divisions to devote a minimum amount of time to

¹ *2008 Saskatchewan Education Indicators Report*, p.141.

² *The Education Regulations, 2015*, s. 25.

³ *Ibid.*, s. 28.



required areas of study (e.g., 210 minutes/week for Grade 6 math). Required areas of study include language arts, mathematics, science, social science, health, arts, and physical education.

Having minimum instruction time for grades and required areas of study gives students sufficient instruction time to enable them to learn the area of study.

At September 2018, 27 school divisions (including the Conseil scolaire fransaskois) with about 767 schools had about 184,000 students.⁴

2.2 Focus of Follow-Up Audit

Our *2009 Report – Volume 3*, Chapter 4 concluded that the Ministry did not have adequate processes to achieve compliance by school divisions in delivering student instruction time as required by the Minister. We made four recommendations. By September 2015, the Ministry had implemented two of them.⁵

This chapter describes our fourth follow-up of management's actions on the recommendations we originally made in 2009.

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.

To perform this follow-up audit, we interviewed Ministry and school division staff, reviewed relevant legislation and policies, and assessed the reasonableness of supporting documentation.

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 January 31, 2019, and the Ministry's actions up to that date.

3.1 Monitoring of Compliance with Requirements for Required Areas of Study Needed

We recommended that the Ministry of Education monitor for all core curriculum areas of study the extent to which school divisions meet the Ministry's requirements for instruction time. (*2009 Report – Volume 3*, p. 63, Recommendation 5; Public Accounts Committee agreement May 12, 2010)

Status – Partially Implemented

⁴ 2018-19 Active list of School Division schools. Data is available at www.publications.gov.sk.ca/details.cfm?p=93039 (4 April 2019).

⁵ *2016 Report – Volume 1*, Chapter 20, *Education—School Instruction Time for Students*, (2016), p. 243.

Total Instruction Time Monitored

The Ministry actively monitors total instruction time. The Ministry requires school divisions to submit calendars outlining the total hours of instruction time.⁶ School divisions publish their calendars on their websites.

We found each of the two directors we interviewed had submitted to the Ministry annual calendars outlining total instruction hours for their division. This enabled the Ministry to determine whether divisions planned to meet the minimum total instruction time.

Minimum Amount of Subject Area Instruction Time Not Actively Monitored

The Ministry does not actively monitor whether school divisions provide students with at least the minimum amount of instruction time for required areas of study (e.g., 210 minutes/week for Grade 6 math). Its approach to rely on the school divisions to report exceptions is not working.

Rather since November 2017, it expects school divisions to report non-compliance with required instruction hours for required areas of study.⁷ However, it has not reminded school divisions of this expectation since then.

On November 14, 2017, the Ministry posted a message about instructional time requirements and compliance in an information bulletin. It regularly uses information bulletins to convey key messages to school divisions. The November 2017 bulletin asked school divisions to monitor total instruction hours and instruction time in required areas of study, and the extent to which the school divisions meet the Ministry's requirements for instructional time. In addition, it asked school divisions to report all instances of non-compliance with these requirements, if any.⁸

The two school division directors we interviewed each indicated they expect their divisions' principals, vice principals, and superintendents to verify (using timetables prepared by teachers) that instructional time meets instruction time requirements in the required areas of study, and report to school division directors if they do not do so. Each indicated that they had not received reports of any exceptions.

In our review of four school timetables, we found three timetables where instructional time for a number of required areas of study (e.g., mathematics, science) was less than provincial requirements. These exceptions were not reported to related directors of education, and as a result, were not reported to the Ministry.

The Ministry not actively monitoring instruction hours for required areas of study increases the risk that school divisions do not actively monitor compliance or report non-compliance to the Ministry. Not providing students with appropriate instruction time for required areas of study may result in them not sufficiently understanding or succeeding in those key subjects. By not regularly communicating expectations to school divisions about reporting

⁶ As reported in our *2016 Report – Volume 1*, Chapter 20, the Ministry reviews annual calendars of each school division to monitor whether the division has planned to meet the minimum total instruction time (i.e., minimum 950 hours for Grade 1 to 12 and 475 hours for Kindergarten).

⁷ The Ministry of Education's *Registrar's Handbook for School Administrators* sets out the required instruction hours for required areas of study.

⁸ Where school divisions report non-compliance, the Ministry planned to work with the school division to reallocate instruction time to the required hours.



non-compliance with instruction time, the Ministry increases the risk that schools are unaware of this requirement.

We recommended that the Ministry of Education take corrective action where necessary to improve school division compliance with the Ministry's requirements for instruction time. (2009 Report – Volume 3, p. 64, Recommendation 6; Public Accounts Committee agreement May 12, 2010)

Status – Partially Implemented

Since our last follow-up in 2016, the Ministry has not taken any corrective action in that it has not received any reports on non-compliance from school divisions. In addition, it has not confirmed with school divisions whether they complied with the required instruction time for required areas of study.

As a result, the Ministry does not know whether school divisions comply with its time instruction requirements for core curriculum required areas of study.

Chapter 20

Education—Putting into Operation the Education Sector-Wide Strategic Plan

1.0 MAIN POINTS

The Ministry of Education is responsible for providing leadership and direction to the Pre-Kindergarten through Grade 12 (PreK-12) education sector. This includes providing leadership and co-ordination for the preparation of goals, objectives, and educational planning for the present and future growth and development of the education system.

By February 2019, the Ministry had implemented the last recommendation outstanding from our 2015 audit of its processes to put into operation the sector-wide strategic plan for the PreK-12 education sector, called the Education Sector Strategic Plan (ESSP). The Ministry established a process to systematically review school division action plans, and was preparing to share the results of its June 2018 reviews with school divisions by March 31, 2019.

2.0 INTRODUCTION

Since 2014, the Ministry and its education partners, including boards of education and First Nations and Métis education authorities, have used the ESSP to track progress and enhance accountability towards achieving sector goals and outcomes.¹ The goals and outcomes identified in the ESSP are largely focused on improving student success, such as improving kindergarten students' readiness to learn, and the number of students at grade level in reading, writing, and math.

This chapter describes our second follow-up of management's actions on recommendations we made in 2015.

In 2015, we assessed the Ministry's processes to put into operation the ESSP. Our *2015 Report – Volume 1*, Chapter 9 concluded that for the 12-month period ended January 31, 2015, the Ministry had effective processes to put into operation the ESSP, except for the need to establish a deadline for school divisions to complete action plans and for the Ministry to review the action plans. We made two recommendations. The Ministry had implemented one of the two recommendations by February 14, 2017.²

To conduct this audit engagement, we followed the standards for assurance engagements published in the *CPA Canada Handbook – Assurance (CSAE 3001)*. To evaluate the 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.

We examined the Ministry's processes for reviewing school divisions' action plans supporting the ESSP. We also interviewed relevant Ministry officials.

¹ Ministry of Education, *Plan for 2018-19*, p. 3.

² Previous follow-up of the Ministry's actions on recommendations were reported in our *2017 Report – Volume 1*, Chapter 21.



3.0 STATUS OF RECOMMENDATIONS

This section sets out the recommendation including the date on which the Standing Committee on Public Accounts agreed to the recommendation, the status of the recommendation at February 4, 2019, and the Ministry's actions up to that date.

3.1 Process to Review Action Plans and Communicate Results Established

We recommended that the Ministry of Education, to co-ordinate plans across the sector, review school division action plans supporting achievement of the outcomes identified within the sector-wide strategic plan for the Pre-K through Grade 12 education sector. (2015 Report – Volume 1, p. 86, Recommendation 1; Public Accounts Committee agreement January 13, 2016)

Status – Implemented

Since 2015, the Ministry has established a process to systematically review school division action plans. At February 2019, it was preparing to share the results of its review with school divisions.

For a sample of five school divisions, we found the Ministry reviewed and assessed the divisions' action plans for alignment with the ESSP in June 2018. The Ministry used criteria to help consistently assess the alignment of the school division action plans with the outcomes identified in the ESSP. The Ministry documented the results of its assessments. It made observations specific to each school division, as well as overall observations, conclusions, and recommendations for the education sector.

As of February 4, 2019, the Ministry had not communicated the results of its assessments of action plans with the school divisions. Management indicated that the Ministry planned to communicate them by March 31, 2019. It recognized that sharing the results of its assessments would help foster better alignment of school division action plans with the ESSP outcomes. This in turn, would increase the likelihood of the education sector, as a whole, achieving these desired outcomes.

Chapter 21

eHealth Saskatchewan – Sharing Patient Data

1.0 MAIN POINTS

By January 2019, eHealth Saskatchewan and the Ministry of Health implemented the two outstanding recommendations in relation to eHealth's processes to share patient data among healthcare professionals (through provincial electronic health records).

eHealth set standard requirements for data in clinical records. Having standardized data for clinical encounters ensures relevant, comparable, and timely information is readily available for patient care.

eHealth began working with other key health sector agencies (e.g., Saskatchewan Health Authority) to determine IT priorities for the health sector, including enhancements needed to provincial electronic health records. eHealth makes IT funding requests to the Ministry of Health based on these IT priorities.

2.0 INTRODUCTION

2.1 Background

Since 1997, Saskatchewan has been developing provincial electronic health records for patients to allow for the sharing of patient data among healthcare professionals.¹

Since 2010, eHealth has had the mandate to develop and implement the provincial electronic health records for Saskatchewan. eHealth has created a provincial electronic health records system by compiling and standardizing patient data into provincial data repositories. Key data repositories included patient data related to lab results, drug information, and diagnostic imaging.

eHealth provides healthcare professionals with access to data collected in provincial data repositories through two main ways:

- **Electronic medical records (EMRs)** – EMRs enable physicians to centrally record relevant patient information in IT systems located in physician clinics, primary care clinics, and in hospitals. EMRs that integrate with eHealth's provincial health record system allow physicians to readily access data in provincial data repositories.
- **Web-Based Viewer (eHR Viewer)** – this website has operated since the end of 2011. eHR Viewer allows authorized users to view data (from provincial data repositories) over the internet.

As of January 2017, the Minister of Health directed eHealth to consolidate, into a single service, IT services that the Saskatchewan Health Authority, Saskatchewan Cancer

¹ Patient data is patient health information in electronic format. Healthcare professionals include physicians, pharmacists, nurses, and radiologists.



Agency, and 3sHealth previously provided. Consequently, during 2017-18, the Authority moved the majority of its IT systems into eHealth Saskatchewan's data centre.

2.2 Focus of Follow-Up Audit

Our *2014 Report—Volume 1*, Chapter 9 concluded that, for the period from April 1, 2013 to February 28, 2014, eHealth had effective processes to share patient data among health care professionals, except in a few areas. We made five recommendations. In *2016 Report – Volume 2*, Chapter 35, we found that eHealth implemented three recommendations. This chapter sets out the status of two outstanding recommendations—one directed to eHealth and one directed to the Ministry of Health.

To conduct this audit engagement, we followed the standards for assurance engagements published in the *CPA Canada Handbook – Assurance (CSAE 3001)*. To evaluate eHealth's progress towards meeting our recommendations, we used the relevant criteria from the original audit. eHealth's management agreed with the criteria in the original audit.

We interviewed key eHealth and Ministry staff and examined relevant records, plans, and 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 January 31, 2019, and eHealth's and the Ministry's actions up to that date.

3.1 Provincial Standardized Data Requirements Set

We recommended that eHealth Saskatchewan establish standard data requirements for all provincial repositories. (*2014 Report – Volume 1*, p. 61, Recommendation 1; Public Accounts Committee agreement February 12, 2015)

Status – Implemented

eHealth uses standardized data requirements for each of the seven provincial data repositories (i.e., data collection systems).² Standardized data helps to ensure relevant and timely information is readily available for patient care.

As we reported in our 2014 audit, eHealth identified the following seven key data repositories: laboratory results, drug information, diagnostic imaging reports, clinical records (discharge summaries), immunization information, chronic disease information, and synoptic reports.³ Each of the repositories include related patient data.

² eHealth compiles patient data from various sources (e.g., pharmacies) into standardized and organized collection systems referred to as provincial data repositories.

³ Synoptic reporting captures data items in a structured, standardized format, and contains information critical information for understanding a disease, the technical details of a procedure, and the subsequent impacts on patient care.

At the time of our last follow-up (September 2016), eHealth set standard data requirements for all the data repositories except for clinical records.

By January 2019, eHealth developed standardized reports for various clinical records (e.g., discharge summaries, referrals, consults, inpatient progress notes).

Health care providers throughout the province can use these reports for consistently recording clinical encounters with patients.

3.2 Consolidated IT Approach Established

We recommended that the Ministry of Health allocate IT capital funding based on a provincial strategy for electronic health records. (2014 Report – Volume 1, p. 65, Recommendation 5; Public Accounts Committee agreement February 12, 2015)

Status – Implemented

With the consolidation of health-sector IT into eHealth, almost all of the IT funding for the health sector flows into eHealth.⁴

In 2018-19, the Ministry provided \$102.6 million to eHealth for IT funding, which includes IT capital funding (\$40 million more than 2017-18). It expects to provide \$103.1 million to eHealth in 2019-20. The Ministry based its IT funding for 2019-20 primarily on a funding request from eHealth.

eHealth, as the IT service provider for the health sector, is responsible for determining health sector IT priorities including those related to the maintenance and further development of the provincial electronic health records. It works with other health sector partners (e.g., Saskatchewan Health Authority, Saskatchewan Cancer Agency) to determine IT priorities for the health sector and formulate a funding request to the Ministry.

Consolidated IT priorities and services help to reduce duplication of IT systems across the health sector, reduce costs, and create efficiencies.

⁴ In response to recommendations from the *Saskatchewan Advisory Panel Health System Structure Report* in 2016, the Minister of Health directed eHealth in January 2017 to consolidate all IT services in the health sector throughout the province and to coordinate IT work. www.saskatchewan.ca/residents/health/health-system-transformation/advisory-panel-on-health-system-structure (22 March 2019).

Chapter 22

Energy and Resources—Regulating Pipelines

1.0 MAIN POINTS

This chapter reports the status of three recommendations we first made in our 2012 audit on the Ministry of Energy and Resource's processes to ensure compliance with *The Pipelines Act, 1998* and *The Pipelines Regulations, 2000*.

By March 2019, the Ministry had implemented all three recommendations we first made in our 2012 audit. The Ministry developed and implemented a risk-based assessment approach to verify pressure tests and assessed the risk of all pipelines in the province. The Ministry developed guidance for staff to evaluate ongoing pipeline operations. The Ministry is using reviews of operator Integrity Management Programs and Emergency Response Plans to monitor pipeline integrity and safety.

Effective regulation reduces the risk of pipeline failures. Pipeline failures caused by poor design or inadequate maintenance can seriously affect people, the environment, and the economy. A pipeline leak can contaminate both land and water.

2.0 INTRODUCTION

Saskatchewan people rely on the Ministry to regulate the safety of oil and gas pipelines. They expect the Ministry to verify that companies comply with applicable regulations, and have an effective regulatory regime. Effective regulatory processes and standards minimize the risk of disasters occurring.

Our *2012 Report – Volume 1*, Chapter 5 concluded that the Ministry of Energy and Resources did not have effective processes to ensure full compliance with *The Pipelines Act, 1998* and *The Pipelines Regulations, 2000*. We made seven recommendations. By March 31, 2017, as reported in our *2017 Report – Volume 1*, Chapter 18, the Ministry had implemented four of the recommendations.

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.

We interviewed Ministry management and employees responsible for regulating pipelines, reviewed revised policies and procedures, and examined risk templates now used by the Ministry. We also tested a sample of the Ministry's risk assessment and inspection of pressure tests completed 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 March 15, 2019, and the Ministry's actions up to that date.

3.1 Guidance for Monitoring of Compliance Provided

We recommended that the Ministry of Energy and Resources develop written policies and procedures to guide staff when assessing pipeline design, monitoring pipeline construction, and evaluating pipeline operations (2012 Report – Volume 1, p.66, Recommendation 1; Public Accounts Committee agreement December 9, 2013)

Status – Implemented

The Ministry has developed and implemented guidance for assessing pipeline design and construction, and to monitor ongoing operations.

During 2018, the Ministry developed a pipeline inspector manual to provide staff with guidance when assessing pipeline operations and programs. The Ministry hired an independent consultant to help develop the manual. The Ministry and the consultant also provided training for staff once this guidance was completed.

The Ministry is required to enforce *The Pipelines Act, 1998* and *The Pipelines Regulations, 2000*. This legislation sets the minimum requirements for the design, construction, testing, operation, maintenance, and repair of pipelines to be the *Canadian Standards Association Standards – Z662 Standard*. The Standard is complex and contains detailed, technical requirements. We found the contents of the manual consistent with this Standard.

Also, at March 2019, the Ministry is working toward developing a Pipeline Regulatory Enhancement Program, which will integrate the licensing of monitoring of pipelines into an IT system. The Ministry expects to implement the first phase of the system by July 2019. The Ministry plans to develop a program manual, which will provide guidance to industry operators and Ministry staff as part of this initial phase.

Adequate written policies and procedures on each aspects of the Z662 Standard provide staff with the guidance necessary to carry out their work.

We recommended that the Ministry of Energy and Resources monitor pipeline operator compliance with integrity management and safety processes for existing pipelines (2012 Report – Volume 1, p.69, Recommendation 6; Public Accounts Committee agreement December 9, 2013)

Status – Implemented

The Ministry assessed and completed a review of high-risk operators and pipelines in Saskatchewan during 2018 (i.e., assessed each pipeline's risk level and identified operators with the most high-risk pipelines).

During 2018, the Ministry developed a risk assessment tool to assess the risk of all pipeline licences in Saskatchewan (see recommendation on risk-based assessments below). It contracted a third-party engineering firm to help complete a review of four operators' Integrity Management Programs and Emergency Response Plans.

The objective of this work was to assess whether operators have sufficient systems and programs in place to mitigate and respond to pipeline incidents. The Ministry completed its review of the four operators. In March 2019, the Ministry gave findings to the operators and requested each operator to provide it with a corrective action plan.

Operators were also required to complete and submit compliance declaration forms for the approximately 2,200 licenced pipelines in the province. The Ministry used this information to update and monitor pipeline licences. As of March 2019, the Ministry received all compliance declaration forms, which the Ministry used to assess pipeline risk.

Monitoring pipeline operators' safety and integrity programs of their pipelines, reduces the risk of pipeline incidents that can affect the health and safety of people and the environment.

We recommended that the Ministry of Energy and Resources implement a risk-based assessment approach to monitor pipeline construction and verify pressure tests (2012 Report – Volume 1, p.68, Recommendation 5; Public Accounts Committee agreement December 9, 2013)

Status – Implemented

At March 2019, the Ministry has developed and implemented a risk-based approach to monitor pipeline construction and verify pressure tests.

In 2018, the Ministry completed a risk assessment of all pipeline licences and operators in Saskatchewan. Ministry staff assessed the risk level of each pipeline based on multiple factors (e.g., length and age of pipeline, pipelines crossing water bodies, operator history of incidents, etc.). The assessment concluded that there are 42 high-risk pipelines (seven different operators have ownership of these pipelines). The Ministry used these risk assessments to direct a review of the operators' safety programs (see above for description of contracted work).

The Ministry also developed a risk matrix tool to guide staff in assessing whether a field inspection is required for specific events (e.g., construction of new pipelines, pressure tests, pipeline repairs, etc.). This tool also considers different pipeline risks (e.g., pipeline location and length, material transported, proximately to water bodies or urban centres, etc.). The risk tool indicates what level of staff (e.g., pipeline engineers, field technicians) are required to complete an inspection.

In 2018, Ministry staff reviewed and assessed 25 pressure tests on new and existing pipelines. Of the 25 pressure tests, the Ministry on-site inspected 18 of them based on the risk matrix tool. The Ministry assessed the remaining seven pressure tests as low risk using the risk matrix tool and did not complete an on-site inspection. It assigned responsibility to observe pressure tests to either pipeline engineers or technicians depending on its risk assessment of the pipeline.



We found that the Ministry consistently completed a risk assessment for each pressure test and appropriate staff completed a field inspection.

Having a specific risk-based assessment approach reduces the risk of the Ministry not focusing its monitoring resources on pipelines and operators presenting the highest risk to health and safety.

Chapter 23

Environment – Regulating Contaminated Sites

1.0 MAIN POINTS

Contaminated sites can pose risks to public health and safety if not properly managed.¹ The Ministry of Environment regulates all contaminated sites in Saskatchewan within the rules set by *The Environmental Management and Protection Act, 2010* and the Saskatchewan Environmental Code. At December 2018, it was regulating over 1,100 contaminated sites not yet fully reclaimed in Saskatchewan.

By December 2018, the Ministry had implemented the last recommendation from our 2008 audit of its processes to assess, monitor, and report on the status of contaminated sites.

The Ministry obtained priority ratings for all of the contaminated sites in its IT system it was regulating. In addition, it evaluated about 70% of its manual files, which includes contaminated sites identified prior to 2014. It calculated the priority ratings for manual files it evaluated, when the manual files did not already include the priority ratings. It indicated it planned to complete evaluating the remaining manual files in 2020-21.

2.0 INTRODUCTION

2.1 Background

Regulating contaminated sites helps prevent, minimize, or mitigate potential damage to human or ecosystem health. Under *The Environmental Management and Protection Act, 2010* and related regulations, the Ministry is responsible for regulating activities that impact the environment.

In June 2015 as part of its regulatory regime, it implemented a new Saskatchewan Environmental Code.² The Environmental Code defines expected environmental outcomes. The Environmental Code allows the regulated community to determine how best to achieve those outcomes.

2.2 Focus of Follow-Up Audit

This chapter reports the results of our fifth follow-up of the one recommendation from a 2008 audit about regulating contaminated sites.

Our *2008 Report – Volume 1*, Chapter 4 reported that the Ministry, in regulating contaminated sites, needed better processes to assess, monitor, and report on the status

¹ Under *The Environmental Management and Protection Act, 2010*, section 2(l), an environmentally-impacted site is an area of land or water that contains a substance that may cause or is causing an adverse effect. In this chapter, we refer to environmentally-impacted sites as contaminated sites.

² The Environmental Code is a results-based regulatory approach to protect the environment. It incorporates the required environmental outcomes into regulations. www.saskatchewan.ca/business/environmental-protection-and-sustainability/environmental-code (14 March 2019).



of contaminated sites. It contained four recommendations. By March 2017, the Ministry had implemented three of the four recommendations.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 Ministry's progress towards meeting our recommendation, we used the relevant criteria from the original audit. Management agreed with the criteria in the original audit.

To carry out this engagement, we assessed information in the Ministry's IT system to manage contaminated sites, and discussed key actions with relevant officials.

3.0 STATUS OF RECOMMENDATION

This section sets out the recommendation including the date on which the Standing Committee on Public Accounts agreed to the recommendation, the status of the recommendation at December 2018, and the Ministry's actions up to that date.

3.1 Ministry Obtained Priority Ratings for Contaminated Sites

We recommended that the Ministry of Environment complete its risk assessments for identified contaminated sites and rank them in terms of priority. (2008 Report – Volume 1, p. 55, Recommendation 2; Public Accounts Committee agreement June 16, 2008)

Status – Implemented

The Ministry received from parties responsible for site cleanup, or assessed itself, priority ratings for all contaminated sites consistent with the Environmental Code.

We found the Ministry had national classification system for contaminated sites (NCSCS) ratings for all of the contaminated sites not yet reclaimed in its IT system.⁴ NCSCS ratings help identify the level of risk the site presents to the environment and priority for cleanup. The lower the NCSCS rating, the higher the priority for action.

At December 2018, it had in its IT system over 1,100 contaminated sites not yet fully reclaimed in Saskatchewan.

For each of the 30 contaminated sites in its IT system we tested, we found the following:

- Records in its IT system agreed to support
- NCSCS ratings the Ministry had calculated itself were supported and reasonable

³ In 2009, 2011, 2014, and 2017, we reported whether Environment had implemented these recommendations.

⁴ NCSCS rating is a national classification system for contaminated sites used to convey the degree of contamination and priority for cleanup. For example, class 1 classification indicates that action is required to address existing concerns for public health and safety

- The Ministry's staff reviewed NCSCS ratings submitted by the party responsible for the contaminated site.

The Environmental Code expects every person required to do a site assessment to give the Ministry the NCSCS rating for the site within 30 days of completing the site assessment.⁵

At December 2018, the Ministry estimated it had evaluated about 70% of its manual files. We found the Ministry changed its manual file review process since our 2017 follow-up audit. It now did the following:

- It calculated the NCSCS priority rating itself when it identified contaminated sites in its review of its manual files.
- It made other changes that sped up its review process.

As a result, it made significant progress reviewing its manual files since our last follow-up.

We found the Ministry's decision of whether the manual file was a contaminated site was documented and appropriate in the 30 manual files we tested.

It indicated it plans to finish reviewing manual files and entering identified contaminated sites and the NCSCS rating into its IT system during 2020-21. From its review of over 6,000 manual files so far, it identified almost 1,900 contaminated sites.⁶

These manual files included contaminated sites, spills, and registered hazardous waste storage sites.

Obtaining and evaluating completed risk assessments for contaminated sites reduces the threat of high-risk sites not being given sufficient attention and not being cleaned up within an appropriate timeframe. Delays in cleanup may cause unnecessary risk to public health and safety.

⁵ Ministry of Environment, *Saskatchewan Environmental Code Chapter B.1.2 Site Assessment*, section 1-6. www.publications.gov.sk.ca/details.cfm?p=79430 (14 March 2019).

⁶ The almost 1,900 contaminated sites it identified from its review of manual files is greater than the 1,100 contaminated sites that require an NCSCS rating and are not yet fully remediated in its IT system because not all contaminated sites require a site assessment. Only sites that require a site assessment need an NCSCS rating.

Chapter 24

Finance – Monitoring the Fuel Tax Exemption Program

1.0 MAIN POINTS

By January 2019, the Ministry of Finance implemented two of the six recommendations we made in our 2016 audit of processes to monitor whether its fuel tax exemption program is achieving program objectives. The Ministry co-ordinated its risk management activities and documented key operating procedures for the fuel tax exemption program.

In addition, it had partially implemented one other recommendation. The Ministry provided the Legislative Assembly with some additional information on key tax expenditure programs including the actual value of tax exemptions based on available information.

However, the Ministry has not yet set out how it plans to measure the success of each fuel tax exemption program component. In addition, it does not annually give the Legislative Assembly measurable program objectives, or periodically publish the achievements of its key tax expenditure programs. It also does not require staff to separately document its reviews of tax expenditure programs.

Because tax expenditure programs result in lower revenues for the Government, having measurable program objectives and strong processes to evaluate, and report on, its tax expenditure programs' achievements is key to enable management and legislators to make informed decisions about tax expenditures.

2.0 INTRODUCTION

2.1 Background

The Government of Saskatchewan, like other governments, uses tax expenditures to promote specific policy objectives, such as social or economic goals, or to encourage desired behaviors, such as saving for retirement, without incurring direct costs. The Ministry of Finance develops and implements tax policy for the Government of Saskatchewan, including the Government's use of tax expenditures.

Tax expenditures reduce the amount of taxes that select individuals or corporations pay to the government through exemptions, deductions, credits, preferential tax rates, or deferrals.¹ This results in less revenue for governments. **Figure 1** shows, for the last four years, the amount of revenue forgone because of tax expenditures. Because the use of tax expenditures results in lower revenues, the Government must know what it expects to achieve by using tax expenditures, and if they are achieving the intended result.

¹ Government of Saskatchewan, *Saskatchewan Provincial Budget 19-20*, p. 55.

**Figure 1 – Tax Expenditures from 2016 to 2019**

	2016	2017	2018	2019 Estimate
All Tax Expenditures	\$3.3 Billion	\$3.4 Billion	\$3.6 Billion	\$3.7 Billion
Fuel Tax Exemption Program	\$144.1 Million	\$115.7 Million	\$100.4 Million	\$101.3 Million

Source: Government of Saskatchewan, *Saskatchewan Provincial Budget 19-20*, pp. 57-58. Represents fiscal year.

The Ministry of Finance administers many of the Government's tax expenditure programs, including the fuel tax exemption program. The fuel tax exemption program applies to marked diesel fuel purchased by permit holders. Those eligible to become permit holders are: qualified farmers, primary producers of renewable resources (i.e., commercial fishers, trappers, and loggers) and consumers of heating fuel. The program allows those permit holders to purchase tax-reduced fuel for use in specified activities, such as plowing fields.²

The Ministry established the following objectives for the program:

- To reduce the cost of fuel as a heating source, making it comparable with other sources such as natural gas; there is no tax on the purchase of natural gas.³
- To provide tax relief to qualified farmers and primary producers for fuel used in farming, commercial fishing, trapping, or logging activities with the understanding that the majority of fuel will be consumed off road.

2.2 Focus of Follow-Up Audit

This chapter describes our first follow-up of management's actions on the six recommendations we made in 2016 about the Ministry's processes to monitor whether its fuel tax exemption program is achieving program objectives. In our *2016 Report – Volume 1*, Chapter 8, we concluded that the Ministry of Finance had, other than for the areas of our six recommendations, effective processes to monitor whether its fuel tax exemption program is achieving program objectives.

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 toward 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's management, and reviewed the Ministry's documentation related to addressing the areas of our recommendations, including annual budget documents, and procedure documents.

² The Minister of Finance is responsible for *The Fuel Tax Act, 2000*. The Act imposes a tax on persons importing or purchasing fuel in Saskatchewan. The Act also allows for certain individuals to purchase tax-exempt fuel.

³ *2016 Report – Volume 1*, Chapter 8 (p. 74).

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 January 31, 2019, and the Ministry's actions up to that date.

3.1 Measurable Program Objective Needed for Fuel Tax Exemptions

We recommended that the Ministry of Finance set out how it plans to measure the success of each component of its fuel tax exemption program. (2016 Report—Volume 1, p. 74, Recommendation 1; Public Accounts Committee agreement September 21, 2017)

Status—Not Implemented

The Ministry has not decided how it plans to measure the success of each component of the fuel tax exemption program. The program's two components are reducing the cost of heating fuel, and providing tax relief to qualified farmers and primary producers.

Since 2016, the Ministry has not changed the objectives identified for the program. The objective for the heating fuel component clearly defines that the program intends to achieve comparable tax treatment for heating sources.

However, the Ministry has not set out, in a measureable way, what the objective for the fuel tax exemption for farmers and primary producers is intended to achieve other than tax relief, in general. It has not identified the intended social or economic goal, or the encouraged behaviour in a measurable way.

The Government must have a clear understanding of what it expects to achieve from each component of these exemptions to determine whether the fuel tax exemption program is achieving the desired result. This includes creating clearly defined objectives and setting performance measures for each objective to allow it to monitor the success of the program.

3.2 Better Communication of Tax Expenditure Results but Further Improvement Needed

We recommended that the Ministry of Finance annually give the Legislative Assembly the following additional information on key tax expenditure programs:

- *Measurable program objectives (what the tax expenditure is designed to achieve)*
- *Key assumptions used to estimate tax expenditures*
- *Actual value of tax expenditures based on available information*

(2016 Report—Volume 1, p. 81, Recommendation 5; Public Accounts Committee agreement September 21, 2017)

Status—Partially Implemented



We recommended that the Ministry of Finance periodically publish the achievements of its key tax expenditure programs. (2016 Report—Volume 1,

p. 81, Recommendation 6; Public Accounts Committee agreement September 21, 2017)

Status—Not Implemented

Since 2016, the Ministry has improved the information it provides about tax expenditure programs in the *Provincial Budget* but further improvements are needed.

Since 2016, the annual *Provincial Budget* includes the annual value of tax expenditures based on available information for multiple years. For example, the 2019-20 *Provincial Budget* included, for 2016 to 2019, amounts for each tax expenditure (e.g., fuel tax exemptions for farm activities, provincial sales tax exemptions for basic groceries and personal income tax exemptions for registered retirement savings plan contributions).⁴

The annual *Provincial Budget* also includes high-level key assumptions used to estimate tax expenditures. For example, the 2019-20 *Provincial Budget* describes various data sources used to estimate tax expenditures by applying assumptions regarding the expected changes in population, employment and income, retail sales and investment intentions.⁵ However, it does not give legislators and the public sufficient information to enable them to easily identify which assumptions are applicable to each of the key tax expenditure programs.

The annual *Provincial Budget* briefly describes the linkage between Saskatchewan's tax expenditures for personal and corporate income tax to the Government of Canada's tax expenditures. It gives legislators and the public a source of additional information.

The annual *Provincial Budget* continues to include a statement that tax expenditures can achieve a number of objectives, such as enhancing the fairness of the tax system or promoting certain types of economic activity.⁶ However, it does not give information on measurable program objectives for tax expenditures that the Ministry administers (e.g., exemptions on provincial sales tax and fuel tax).

Until the Ministry establishes measurable program objectives for each of the key tax expenditure programs it administers, it cannot report on the achievements of these programs.

Because tax expenditures result in lower revenues for the Government, legislators should subject tax expenditure programs to the same scrutiny as spending programs. However, having inadequate information on tax expenditure programs, such as measurable program objectives and achievements, can result in legislators insufficiently understanding the programs, and limiting their ability to keep the Government accountable for those programs.

⁴ Government of Saskatchewan, *Saskatchewan Provincial Budget 19-20*, pp. 57-58.

⁵ *Ibid.*, p. 56.

⁶ *Ibid.*, p. 55.

3.3 Periodic Review of Tax Expenditure Programs Needed

We recommended that the Ministry of Finance require staff to sufficiently document tax expenditure program reviews to support the result of its reviews. (2016 Report—Volume 1, p. 79, Recommendation 4; Public Accounts Committee agreement September 21, 2017)

Status—Not Implemented

The Ministry does not require staff to separately document its reviews of tax expenditure programs. Rather, in practice, the Ministry integrates these assessments into various documents when preparing and discussing the annual *Provincial Budget* with Treasury Board.

In 2016, the Ministry determined that tax expenditure programs would no longer be subject to the Ministry's formal program review process as it determined that reviewing these types of programs on a fixed cycle was not appropriate. Instead, tax expenditure programs are now periodically reviewed when preparing the annual *Provincial Budget*.

Maintaining distinct documentation of periodic reviews helps demonstrate whether these programs achieved what they were designed to achieve.

3.4 Risk Management Activities Co-ordinated

We recommended that the Ministry of Finance co-ordinate its risk assessment activities and related documentation for the fuel tax exemption program. (2016 Report—Volume 1, p. 77, Recommendation 3; Public Accounts Committee agreement September 21, 2017)

Status—Implemented

The Ministry documented its process to co-ordinate its risk management activities for the fuel tax exemption program.

It outlined the objectives and responsibilities for each of its branches involved in administering and managing the fuel tax exemption program. For example, the Ministry's Revenue Operations Branch focuses on managing risk related to program eligibility, while the Ministry's Audit Branch focuses on managing risk related to permit holders inappropriately using fuel obtained with their permit. The two branches met on a bi-weekly basis, as well as emailed each other to keep up to date on risk management activities.

3.5 Key Operating Procedures Documented

We recommended that the Ministry of Finance document key operating procedures for the fuel tax exemption program. (2016 Report—Volume 1, p. 76, Recommendation 2; Public Accounts Committee agreement September 21, 2017)

Status—Implemented



The Ministry documented key operating procedures for the fuel tax exemption program. For example, it documented procedures for selecting permit applications in order to conduct further eligibility reviews, and for reporting on the program to senior management.

Chapter 25

Government Relations—Safe Drinking Water in Northern Settlements

1.0 MAIN POINTS

This chapter reports our second follow-up of five remaining recommendations initially made in 2012 about the Ministry of Government Relations processes to provide safe drinking water to northern settlements. Northern settlements are unincorporated communities in the Northern Saskatchewan Administration District that the Ministry administers.^{1,2}

By September 2018, the Ministry had communicated the safety of drinking water to the residents of the northern settlements of Stanley Mission and Wollaston Lake.

The Ministry needs to:

- Test drinking water samples as required by its water system permits to adequately monitor the safety of drinking water
- Complete water system maintenance and supervise maintenance activities as expected for all drinking water systems to keep water systems working effectively and to reduce the risk of providing unsafe drinking water
- Resolve issues with the safety of drinking water for the northern settlement of Uranium City and other northern settlements with trihalomethane levels exceeding maximum allowable limits to reduce risks to residents' health³

2.0 INTRODUCTION

2.1 Providing Drinking Water to Northern Settlements

The Ministry of Government Relations is responsible for providing safe drinking water to Saskatchewan's northern settlements. The Minister of Government Relations functions as the municipal council for each of the northern settlements.⁴

The Ministry uses various water systems to provide drinking water to northern settlements. As shown in **Figure 1**, it owns and operates water systems for five settlements, and it obtains drinking water for two settlements through contracts with First Nations communities.⁵

¹ The Ministry administers the northern settlements through its Northern Municipal Services branch.

² The Northern Saskatchewan Administration District is a geographical area in northern Saskatchewan, defined under *The Northern Municipalities Regulations*.

³ Trihalomethanes are formed when chlorine, which is generally used for disinfections, reacts with naturally occurring organic compounds present in water. www.saskh20.ca/pdf/epb211b.pdf (19 October 2018).

⁴ The Minister's responsibilities are set out in *The Northern Municipalities Act, 2010*.

⁵ There are additional northern settlements, however, since they do not have water systems, they were outside the scope of our audit and follow-up.

**Figure 1 – Drinking Water Systems for Northern Settlements at October 2018**

Northern Settlement	Dwellings Served	Type of Water Delivery System of Drinking Water to Dwellings (i.e., to residents)
Ministry-Owned Water Systems		
Bear Creek	18	The Ministry transports drinking water from its water treatment plant at Bear Creek to residents' homes.
Brabant Lake	27	Residents contract with a private company to transport drinking water from the Ministry's water treatment plant at Brabant Lake to residents' homes.
Missinipe	56	Ministry pipeline distribution from the Ministry's water treatment plant at Missinipe to residents' homes.
Sled Lake	27	Ministry pipeline distribution from the Ministry's water treatment plant at Sled Lake to residents' homes.
Uranium City	74	Ministry pipeline distribution from the Ministry's water treatment plant at Uranium City to residents' homes.
Ministry Contracts with First Nations Communities that Own Water Systems		
Stanley Mission	28	Ministry pipeline distribution from nearby First Nations community's water treatment plant to off-reserve northern settlement residents' homes.
Wollaston Lake	26	Ministry pipeline distribution from nearby First Nations community's water treatment plant to off-reserve northern settlement residents' homes.

Source: Ministry of Government Relations' records.

As the municipal council for each of the northern settlements, the Ministry must work within the legislative framework established for drinking water. **Section 4.0** describes other provincial government agencies' responsibilities for drinking water in Saskatchewan. For example, the Water Security Agency administers provincial water quality and water system standards in *The Environmental Management and Protection Act, 2010*. The Agency issues permits to the Ministry where the Ministry operates water systems to provide drinking water to northern settlements (see **Figure 1**).

2.2 Focus of Follow-Up Audit

In our *2012 Report – Volume 1*, Chapter 12 we reported the Ministry did not have effective processes to provide safe drinking water to the northern settlements. As of December 31, 2015, the Ministry had implemented 5 out of the 10 original recommendations as reported in our *2016 Report – Volume 1*, Chapter 24.

This chapter is our second follow-up of the five remaining recommendations initially made in 2012. To conduct this follow-up audit, 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 2012 audit. The Ministry agreed with the criteria in the 2012 audit.

To complete our follow-up audit, we interviewed staff and management responsible for the provision of drinking water to northern settlements. In addition, we reviewed management records relating to maintaining water systems used to provide drinking water, tested a sample of water quality test results, and reviewed related monitoring activities, and other supporting documentation.

3.0 STATUS OF RECOMMENDATIONS

This section sets out each outstanding recommendation including the date on which the Standing Committee on Public Accounts agreed to the recommendation, the status of the recommendation at September 30, 2018, and the Ministry's actions up to that date.

3.1 Ministry Not Consistently Completing All Required Drinking Water Tests

We recommended that the Ministry of Government Relations test drinking water samples and document the results as required by its water system permits issued by the Water Security Agency. (2012 Report – Volume 1, p. 120, Recommendation 7; Public Accounts Committee agreement January 13, 2014)

Status – Partially Implemented

The Ministry does not consistently test or document the results of testing drinking water samples required by drinking water system permits.

The permits require operators of these systems to regularly test the quality of the drinking water to ensure it is safe to drink. Permits set out both the frequency and types of water quality tests required—required water quality tests vary for each water treatment plant.

Since 2014, the Ministry requires its staff to review, each month, results of daily water quality tests as recorded in logs.⁶ These reviews are to assess completeness of daily testing, and whether test results meet requirements (e.g., daily chlorine levels met standards) of the permits.

Seventy-eight out of 79 of the monthly logs we examined had evidence of staff review of the daily water quality tests results—the log for one month was missing. However, as noted below, 1.4% of daily water tests were not completed in accordance with the related permits.

Figure 2 shows the detailed results of our testing, including the communities where we noted deficiencies in documenting or completing water quality tests. For the sample of drinking water tests that we examined, we found:

- 1.4% of daily water tests were not completed in accordance with the related permit
- 25% of bi-monthly tests were not completed in accordance with the related permit

⁶ Water system operators of ministry-owned and First Nation-owned water systems complete water tests and record test results in a log. They provide these logs to Ministry staff every month.



- 10% of quarterly tests were not completed in accordance with the related permit
- All weekly, monthly and bi-annual water quality tests were completed in accordance with the related permit

Figure 2—Provincial Auditor of Saskatchewan Review of Drinking Water Test Results January 1, 2017 to June 30, 2018 (shaded rows highlight where not all required tests were done)

Required Water Quality Tests (per Permit)	Required Frequency of Tests (per Permit)	Provincial Auditor Results of Testing of Sample of Permits for each Water System
Turbidity and Chlorine	Daily	210 daily tests we examined were documented or completed as required except: <ul style="list-style-type: none"> - 1 of 30 not documented at Missinipe (ministry-owned and operated) - 2 of 30 not completed at Uranium City (ministry-owned and operated)
Bacteria	Various (monthly, every two weeks, weekly)	All weekly and monthly tests we examined were completed as required. 16 twice-monthly tests we examined were completed as required except: <ul style="list-style-type: none"> - 4 of 4 not completed at Wollaston Lake (First Nations community operated)
Chemical (general)	Various (e.g., every two years)	All tests we examined were completed as required
Chemical (health)	Once every two years	All tests we examined were completed as required
Trihalomethanes ^A (new permit requirement since December 2015)	Quarterly	30 quarterly tests we examined were completed as required except: <ul style="list-style-type: none"> - 1 of 6 not completed at Missinipe (ministry-owned and operated) - 2 of 6 not documented at Stanley Mission (First Nations community operated)

Source: Individual water system operating permits and Provincial Auditor of Saskatchewan testing results.

^ATrihalomethanes includes chloroform, bromodichloromethane, dibromochloromethane, and bromoform. Formed when chlorine (used to disinfect) reacts with naturally occurring organic compounds present in water.

Management indicated some tests were not completed because of broken equipment and difficulty in receiving timely information from water system operators.

Monitoring and completing all drinking water tests that permits require is essential to ensure the safety of drinking water being consumed by residents of northern settlements.

3.2 Maintenance and Maintenance Records Not Always Complete

We recommended that the Ministry of Government Relations consistently carry out all required maintenance for its water systems.

(2012 Report – Volume 1, p. 117, Recommendation 4; Public Accounts Committee agreement January 13, 2014)

Status – Partially Implemented

We recommended that the Ministry of Government Relations document its monthly supervision of maintenance carried out on its water systems to evidence that all required maintenance is occurring.

(2012 Report – Volume 1, p. 118, Recommendation 5; Public Accounts Committee agreement January 13, 2014)

Status – Partially Implemented

Since our 2016 follow-up, although the Ministry has better documented its supervision of maintenance for its water systems, significant documentation gaps persist.⁷

The Ministry uses its supervision process to know if maintenance is consistently carried out for its water systems—without adequate supervision of maintenance, the Ministry does not know if required maintenance is being done.

As described in **Figure 3**, the Ministry uses somewhat different processes to supervise maintenance of the five ministry-owned and operated water systems, and the two water systems operated by First Nations communities.

Figure 3—Processes to Supervise Maintenance of Water Systems

- For both types of water distribution systems, the Ministry engages a consultant to prepare bi-annual reports on the condition of each of the water systems. The Ministry is to review these along with annual regulatory inspection reports of the Water Security Agency. The Agency's annual inspection reports contain information on the condition of each of its distribution systems.
- For First Nations owned and operated water distribution systems, the Ministry, through its contract with each First Nations community, makes the relevant First Nations communities responsible for all normal maintenance of these systems. The Ministry does not receive detailed maintenance records to show whether maintenance is being done on these systems. The Ministry told us that, at September 2018, it was working with the First Nations to receive maintenance logs to enable better monitoring of the completion of maintenance of these systems. In the meantime, the Ministry staff are to review the aforementioned bi-annual consultant reports to monitor each community's completion of maintenance.
- For ministry-owned water systems, the Ministry requires water system operators in the northern settlements to submit monthly maintenance logs to the Ministry's La Ronge office. La Ronge office staff are to review and initial water system maintenance logs at least monthly to determine whether each operator completed proper maintenance.

Source: Provincial Auditor Saskatchewan based on information provided by the Ministry.

⁷ During our previous follow-up, the Ministry was not consistently receiving and documenting its review of maintenance records from operators for four out of five northern settlements timely.



Both Types of Water Systems

We found the Ministry continued to use bi-annual consultant and Water Security Agency reports to monitor maintenance of ministry-owned water systems. While these reports provide useful information, they did not contain sufficient information to enable the Ministry to ensure it provides safe drinking water to northern settlements.

For each of the five northern settlements and for the two contracted First Nations community-owned systems, the Ministry received and reviewed:

- The bi-annual consultant reports on the condition of each of the water systems in 2017 and 2018 as expected.⁸

The consultant's 2017-18 reports also indicate significant outstanding maintenance at Uranium City (e.g., water pipes leaking, water pipes require cleaning). While the Ministry was aware of these issues, its progress in determining a strategy to address the long-standing drinking water concerns at Uranium City was slow (**Section 3.3**).

The Ministry indicated it is changing its processes to ensure it receives maintenance records from First Nations communities in the future.

- The Agency's annual regulatory inspection reports on each of the water systems in 2017 or 2018 (timing of inspection varies for each water system).

Reports for Uranium City indicated issues with completion of maintenance at the water treatment facility.⁹ For example, the June 2017 Agency inspection report for Uranium City indicated that the majority of the floor drains within the water system building did not work properly. Reports for other settlements noted minor maintenance issues (e.g., leaking valves, hydrant repairs).

Ministry-Owned Water Systems

We found the Ministry did not have records to show that maintenance was completed for all five settlements as expected. The Ministry noted that it continues to have difficulty receiving reports timely from water plant operators—this is sometimes because of staff turnover at plants. We noted evidence of Ministry staff reviewing logs it had received, and its consultant and Water Security Agency reports for all five settlements.

However, the Ministry did not consistently receive or review maintenance records for three settlements (Missinipe, Brabant Lake, Sled Lake). For example, for the sample of maintenance records that we tested, the Ministry did not have records to prove that maintenance was done for: 14 of 30 daily and 4 of 5 weekly maintenance activities for Missinipe; 22 of 30 daily, 4 of 5 weekly, and 2 of 2 monthly maintenance activities for Brabant Lake. A precautionary drinking water advisory came into effect for Brabant Lake on October 31, 2018 related to treatment or distribution equipment failure or damage.¹⁰

The Ministry received and reviewed the majority of the maintenance records for two settlements (Uranium City, Bear Creek). Management indicated monthly maintenance in

⁸ The Ministry contracted an infrastructure management consulting company to do this work.

⁹ Summary reports are available at www.saskh20.ca/pdf/epb211b.pdf (19 October 2018).

¹⁰ www.saskh20.ca/reports/GOC/EnvActive.pdf (05 November 2018).

Bear Creek was not done as planned because the Ministry does not have the equipment needed to do this testing at Bear Creek.

Timely maintenance is required to keep water systems working effectively and to reduce the risk of providing unsafe drinking water to residents of northern settlements.

3.3 Solutions to Provide Quality Drinking Water Options to Northern Settlements Needed

We recommended that the Ministry of Government Relations take prompt action to address problems in providing safe drinking water to northern settlements. (2012 Report – Volume 1, p. 122, Recommendation 10; Public Accounts Committee agreement January 13, 2014)

Status – Partially Implemented

The Ministry, as part of its responsibility as the municipal council, has not found cost-effective solutions to supply quality drinking water to dwellings in the seven northern settlements listed in **Figure 1**. As noted in our 2012 audit, drinking water quality in certain northern settlements has been a long-term problem. Residents of these communities are subject to precautionary drinking water advisories and/or emergency boil water orders.

Figure 4—Description of Water Advisories and Orders

Water Security Agency issues precautionary drinking water advisories where drinking water quality problems may exist but an immediate public health threat has not been identified. Under a precautionary drinking water advisory, water must be boiled before it is used for drinking purposes, or used for other activities where it could be consumed, such as brushing teeth, dishwashing, or washing fruits and vegetables.

The Saskatchewan Health Authority issues emergency boil water orders when a confirmed threat to public health exists (i.e., microbial contamination).

A listing of these orders and advisories are publicly available on the SaskH2O website at www.saskh20.ca/advisories.asp.

Source: www.saskh20.ca/advisories.asp (10 October 2018).

As of October 2018, the Ministry had not decided on a strategy to address the long-standing drinking water concerns in Uranium City.¹¹ A precautionary drinking water advisory has been in place for Uranium City since May 2001, and an emergency boil water advisory since February 2015. Saskatchewan Water Security Agency public water advisories note that the Uranium City water treatment plant does not meet minimum treatment/design requirements, lacks minimum water treatment processes, and has inadequate disinfection residual in the distribution system with E.coli detected in the drinking water system.^{12,13,14}

¹¹ The Ministry completed a water system assessment in May 2015 to determine potential solutions.

¹² www.saskh20.ca/reports/GOC/EnvActive.pdf (05 November 2018).

¹³ The Ministry assumed responsibility for the water system in Uranium City in 1984. The system was initially built for a much larger population. Statistics Canada 2016 census reports the population of the Uranium City as 73. The Ministry notes the system is expensive to maintain and operate.

¹⁴ E.coli, Escherichia coli, is a bacteria that can make people sick.



Several northern settlements (Brabant Lake, Missinipe, Uranium City, Stanley Mission) have, at times, trihalomethane levels that exceed maximum allowable limits. As noted in **Figure 2**, some of these settlements are not consistently testing these levels as required.

As of October 2018, the Ministry was studying strategies to reduce trihalomethane levels in Brabant Lake. The Ministry indicated that it planned to use this information to help it determine strategies to address higher than allowable trihalomethane levels in northern settlements.

Not taking prompt corrective action to resolve drinking water quality issues places the health of residents in affected northern settlements at risk.

3.4 Ministry Communicating Required Information on Water Quality

We recommended that the Ministry of Government Relations implement a formal process for communicating in writing about the safety of drinking water to residents of the northern settlements of Stanley Mission and Wollaston Lake, as required by its water system permits issued by the Water Security Agency. (2012 Report – Volume 1, p. 120, Recommendation 8; Public Accounts Committee agreement January 13, 2014)

Status – Implemented

The Ministry communicated with residents of the northern settlements of Stanley Mission and Wollaston Lake as required by its water system permits.

The Waterworks and Sewage Works Regulations require permit holders to annually provide water consumers with the following information:

- The quality of the water provided in comparison to the water quality standards in the regulations
- The permittee's compliance with the permit for completing water quality testing¹⁵

For the northern settlements of Stanley Mission and Wollaston Lake, we found starting in 2015 and 2017 respectively, the Ministry adopted the same process for annually communicating these requirements as it used for northern settlements where it owns and operates the water systems.

We found it is following this process. In February 2018, the Ministry communicated the required information to the northern settlements of Stanley Mission and Wollaston Lake for the 2017 year. For example, for Stanley Mission, it communicated:

- Fifty-one bacteria tests were completed (52 required) and all tests met water quality standards

¹⁵ *The Waterworks and Sewage Works Regulations*, section 42. These regulations came into effect June 1, 2015.

- Fifty-one chlorine residual tests were completed (52 required) and all tests met water quality standards
- 100% of daily chlorine tests were completed and chlorine levels were adequate in all samples

Communicating the results of water quality testing to residents promotes transparency and their confidence in the management of drinking water.

4.0 OTHER PROVINCIAL GOVERNMENT AGENCIES INVOLVED WITH DRINKING WATER

Name of Agency	Responsibilities for Drinking Water
Water Security Agency	<p>The Agency is the regulator of municipal waterworks, privately owned (publicly accessible) waterworks that have a flow rate of 18,000 litres or more per day, certain pipeline systems, and municipal sewage works. The Agency also focuses on watershed management and source protection, and works to balance competing water and land uses that impact water quality.</p> <p>The Agency administers provincial water quality standards in <i>The Environmental Management and Protection Act, 2010</i>, and <i>The Waterworks and Sewage Works Regulations</i>. The Agency issues permits to municipalities, including the Northern Saskatchewan Administration District, to operate water systems. This includes reservoirs, tanks, buildings, pumps, and pipes.</p> <p>The Agency is responsible for periodically inspecting and enforcing compliance with permits it issues. The Agency does not regulate non-public water systems, nor is the Agency responsible for drinking water on First Nations reserves.</p>
Saskatchewan Water Corporation (SaskWater)	SaskWater owns and operates certain regional water systems throughout the province. It also provides system assessments and project management of water infrastructure projects.
Ministry of Health/Saskatchewan Health Authority	The Ministry of Health and the Saskatchewan Health Authority regulate certain non-municipal water systems with limited capacity that service locations such as tourist accommodations and campgrounds.
Ministry of Agriculture	The Ministry of Agriculture is responsible for the protection of surface and groundwater with respect to intensive livestock operations. The Ministry is also responsible for irrigation-related services.
Ministry of Environment	The Ministry of Environment is the regulator of industrial waterworks and sewage works.

Source: www.sask20.ca/RolesAndResponsibilities.asp and selected references (10 October 2018).

Chapter 26

Health – Co-ordinating the Use of Lean

1.0 MAIN POINTS

Lean is a continuous improvement methodology. It involves analyzing processes to identify areas for improvement, carrying out activities intended to achieve those improvements, and monitoring the impact of changes.

By February 2019, the Ministry of Health, working with others in the health sector, had established a risk management framework for the health sector. The use of the framework allows for consistent evaluation and scoring of risks across all health care sector agencies.¹

The Ministry was also working on plans to report publicly on the benefits realized from using Lean within the health sector since 2011. It aims to report publicly on Lean in 2020.

2.0 INTRODUCTION

2.1 Background

As noted in our 2014 audit, the health sector made a significant initial investment in Lean – a continuous improvement methodology. The Government mandated that the health sector use Lean as a way to improve systems and processes, and improve the delivery of health services.

Between 2011 and 2014, the Government provided extensive training to identified Lean leaders, trained most health sector employees at one-day introductory improvement courses, and completed Lean events at health sector agencies.^{2,3}

Since February 2016, the Ministry co-ordinates the use of Lean across the health sector through a Provincial Quality, Safety & Lean Management Committee. The Committee is comprised of members from all health sector agencies (i.e., Ministry of Health, Saskatchewan Health Authority, Saskatchewan Cancer Agency, 3sHealth, eHealth Saskatchewan, and the Health Quality Council).

2.2 Focus of Follow-Up Audit

In 2014, we assessed the Health Quality Council's processes to co-ordinate the use of Lean as a continuous improvement methodology across the health sector. Our *2014 Report – Volume 2*, Chapter 34 concluded that because the Health Quality

¹ Health sector agencies include the Ministry of Health, the Saskatchewan Health Authority, the Saskatchewan Cancer Agency, 3sHealth, eHealth Saskatchewan, and the Health Quality Council.

² *2014 Report – Volume 2*, Chapter 34 (p. 220). From 2011 to July 2014, the Ministry paid a consultant \$23.3 million to assist in its deployment of Lean.

³ Lean events are where the owners and operators of a particular process meet with the intent of identifying improvements to that process.



Council did not have full authority to carry out its responsibilities, it did not have effective processes to co-ordinate the use of Lean as a continuous improvement methodology across the health sector agencies.^{4,5} We made five recommendations. By September 2016, three of the five recommendations were implemented.⁶

This chapter describes our second follow-up of management's actions on the two outstanding recommendations.

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 of Health's progress towards meeting our recommendations, we used the relevant criteria from the original audit. The Health Quality Council agreed with the criteria in the original audit.

To complete this audit, we discussed with Ministry management progress they made in meeting our recommendations; reviewed supporting documentation; and viewed reports made available to staff, senior management, and the public.

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 February 28, 2019, and the Ministry of Health's actions on behalf of the Provincial Quality, Safety & Lean Management Committee, up to that date.

3.1 Public Report on the Benefits Realized From the Use of Lean Needed

We recommended that the Ministry of Health (formerly assigned to the Health Quality Council) report to the public on outcomes achieved through the use of Lean across the health sector. (2014 Report – Volume 2, p. 233, Recommendation 5; Public Accounts Committee agreement January 13, 2016)

Status – Partially Implemented

As of February 2019, the Ministry has not decided which health sector outcomes it will use to show the public the benefits realized from the use of Lean. Ministry management indicated that the Ministry aims to report publicly on Lean in 2020.

In 2016 (after our last follow-up audit), the Provincial Quality, Safety & Lean Management Committee formed an Improvement Reporting Working Group to update improvement-reporting processes. The Ministry is leveraging the work of this Committee while it forms an evaluation plan for Lean implementation.

⁴ The original report regarding these recommendations can be found at www.auditor.sk.ca/publications/public-reports. We reported the original audit work in *2014 Report – Volume 2*, Chapter 34 (pp. 217-234).

⁵ In April 2016, Health Quality Council's role changed whereby it continues to collaborate with the Ministry of Health and other health sector agencies to support the use of Lean in the health sector but it no longer serves a co-ordinating role.

⁶ We reported the first follow-up in *2016 Report – Volume 2*, Chapter 38 (pp. 263-267).

At February 2019, the Ministry had a draft public reporting plan on what to report at the provincial level based on the Government's objectives noted in **Figure 2**. This plan included potential evaluation questions and methods to be used to determine if Lean improvements are meeting the Government objectives.

Figure 2—Government's Objectives for Use of Lean As Stated in 2014

The Government had broad objectives for the use of Lean, and specific ones for the health sector.

The Government stated it was using Lean as a systematic way to improve systems and processes, streamline its work, and improve service delivery to the public. It was also using Lean as one way to create a culture within the Government that will continuously seek to improve service delivery.

The Health Quality Council stated that Lean makes health care better in several ways:

- It increases safety by eliminating defects and errors
- Patients are more satisfied with their care
- The staff doing the work are the ones who look for waste and find better ways to deliver care
- It reduces cost, by getting rid of waste
- Patients have better health outcomes

Source: 2014 Report – Volume 2, Chapter 34.

Our review of the Ministry's draft public reporting plan found the proposed evaluation methods seem more resource intensive than using an evaluation approach that leverages, to the extent possible, existing publicly reported broad outcome measures for the health sector. We noted that a 2014 study that the University of Saskatchewan did for the Health Quality Council suggested the use of broad outcome measures recognized in international literature (e.g., selecting indicators for patient safety at the health system level) as a way to measure success for three of the five specific Lean objectives listed in **Figure 2**.⁷

We found the Ministry, the Saskatchewan Health Authority, other health sector agencies, and the Canadian Institute for Health Information publicly report on some of the broad outcome measures that the 2014 study had suggested.⁸ For example, the Saskatchewan Cancer Agency annually reports on the number of cervical cancer tests performed, and Saskatchewan's participation rate that coincides with an outcome indicator for the better health outcomes objective.

We further found some other publicly reported measures can link to the Government's objectives set for Lean. For example, the Saskatchewan Health Authority's report on how well it is meeting its target to reduce emergency department waits by 35% can link to the Lean's patient satisfaction objective.

We encourage the Ministry to consider leveraging data and relevant publicly-available measures (e.g., medication errors, emergency room wait times) in its consideration as to how best to determine and report on the benefits realized from the use of Lean in the health sector.

Comparing baseline data (at the point in which Lean was implemented) for those relevant broader health sector outcomes to current data could show whether continuous improvements in the delivery of health services have occurred.

⁷ The 2014 Study suggested using indicators used by Organization of Economic Co-operation and Development (OECD) countries published in *The International Journal for Quality in Health Care*.

⁸ www.cihi.ca/en/access-data-and-reports (15 March 2019).



3.2 Risk Management Framework in Use

We recommended that the Ministry of Health (formerly assigned to the Health Quality Council) implement a risk management framework for co-ordinating the use of Lean across the health sector. (2014 Report – Volume 2, p. 226, Recommendation 1; Public Accounts Committee agreement January 13, 2016)

Status –Implemented

By May 2017, the Ministry established and participating health sector agencies were using a risk management framework included in a risk management model.

The Provincial Quality, Safety & Lean Management Committee developed a risk management model. The model allows for the evaluation and scoring of risks in three categories: people development, process improvement, and business management.

We found that each participating health sector agency completed their risk assessments using the model. Each had determined a rationalized score for each identified risk.

Evaluation teams at each health sector agency completed this work. Those teams included the Chief Executive Officer and the Vice President responsible for quality/continuous improvement.

Implementing a risk-management framework better equips the Ministry and other health sector agencies to manage and address issues that affect the use of Lean.

The Ministry expects each health sector agency to continue using the risk management model, and re-evaluate risks in summer 2019.

Chapter 27

Health—Providing Special Needs Equipment for Persons with Disabilities

1.0 MAIN POINTS

The Ministry of Health, under an agreement, relies on its service provider—the Saskatchewan Abilities Council—to provide special needs equipment for persons with disabilities through the Special Needs Equipment Program.

By December 2018, the Ministry, primarily through its service provider, improved some of its key processes to provide special needs equipment, but more work remains.

The Ministry increased the number of certain types of equipment available to reduce wait times. In addition, it identified clients with loaned equipment who were deceased or no longer living in Saskatchewan. Through the Council, it was determining how best to recover this unused equipment.

The Council continued to face challenges in completing preventative maintenance on loaned equipment requiring preventative maintenance (like lifts) within a reasonable timeframe to avoid safety risks to clients. Although it was more actively asking clients to return such equipment for maintenance, clients often did not do so.

In addition, the Ministry has not determined how to measure the success of the Program or set clear expectations for when its service provider should escalate complaints.

2.0 INTRODUCTION

2.1 Background

As part of its responsibilities under *The Health Administration Act*, the Ministry of Health may provide programs for persons with residual physical disabilities due to accident, congenital defect, injury, diseases, or other illness. The Ministry established the Saskatchewan Aids to Independent Living program to help fulfill this responsibility. The Special Needs Equipment Program is one of 14 sub-programs of the Saskatchewan Aids to Independent Living program.

The Ministry has engaged a service provider, the Saskatchewan Abilities Council, to directly deliver the Special Needs Equipment Program. The intent of this Program is to loan and repair special needs equipment (e.g., wheelchairs, walkers, cushions) at no cost to eligible clients throughout the province.¹ The total cost to operate the Program in 2017-18 was \$6.8 million.² From April 2018 to December 2018, the Program spent approximately \$5.7 million with an approved 2018-19 budget of \$7.2 million.

¹ Ministry of Health, *Saskatchewan Aids to Independent Living (SAIL) General Policies*, (2018).

² Ministry of Health, *Drug Plan and Extended Benefits Branch Annual Report for 2017-18*, p. 26.



2.2 Focus of Follow-Up Audit

This chapter describes our first follow-up of the Ministry of Health's actions to implement six recommendations we first made in 2016 about its processes to provide special needs equipment for persons with disabilities. Our *2016 Report – Volume 2*, Chapter 27 concluded that the Ministry of Health had, other than matters reflected in our recommendations, effective process to provide special needs equipment to persons with disabilities.

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.

In this follow-up audit, we interviewed Ministry staff and service provider staff responsible for providing special needs equipment to persons with disabilities. We examined quarterly reports, planning documents, the agreement between the Ministry and the service provider, and other relevant documents. In addition, we tested a sample of equipment repair records and preventative maintenance records.

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 December 31, 2018, and the Ministry's actions up to that date.

3.1 Some Progress to Reduce Equipment Wait Times

We recommended that the Ministry of Health implement further strategies and action plans so that clients receive special needs equipment within an acceptable timeframe. (2016 Report – Volume 2, p. 162, Recommendation 1; Public Accounts Committee agreement June 12, 2018)

Status – Partially Implemented

Since 2016, the Ministry initiated some action plans that may help reduce wait times.

It designed these action plans to address identified root causes of clients not receiving equipment within an acceptable timeframe. It consulted with the Council to identify root causes. For example, one identified root cause was insufficient funding to acquire new equipment. From September 2016 to December 2018, the Ministry purchased 442 pieces of equipment for \$1.6 million including 315 manual wheelchairs and 107 power wheelchairs. Wheelchairs were in high demand.

The demand for power wheelchairs continued to be strong. For power wheelchairs, wait times increased over the last three years even though the Ministry bought 107 power wheelchairs during this period. As of September 30, 2018, 70 clients in total waited for power wheelchairs compared to 57 clients in 2017 and 51 clients in 2016.

As shown in **Figure 1**, over the last three years, clients, in general, had shorter waits to receive other requested special needs equipment from the Council. On average, the total wait time decreased for each type of equipment:

- 60% decrease for walkers/commodes/cushions/transfer benches
- 11% decrease for hospital beds
- 24% decrease for manual wheelchairs

Figure 1—Wait Times for Certain Special Needs Equipment as of September 30 from 2016-17 to 2018-19

Type of Equipment	Number of clients with <2 weeks wait time				Number of clients with 2-4 weeks wait time				Number of clients with >4 weeks wait time			
	16-17	17-18	18-19	3 yr chg.	16-17	17-18	18-19	3 yr chg.	16-17	17-18	18-19	3 yr chg.
Walkers/Commodes/Cushions/Transfer Benches	95	84	53	Shorter	24	5	10	Shorter	29	4	8	Shorter
Hospital Beds	6	14	11	Longer	6	7	5	About the same	17	5	0	Shorter
Manual Wheelchairs (standard and ultralight)	74	67	70	Similar	65	46	48	Shorter	37	45	22	Shorter

Source: Special Needs Equipment Program quarterly reports for 2016-17 Quarter 2 to 2018-19 Quarter 2.

At December 2018, the Ministry and the Council were considering a pilot project that would give eligible clients an option to either directly receive a grant to purchase the equipment needed or receive equipment from the Council. At December 2018, the Ministry expected to implement the pilot by April 1, 2019.

Without having strategies and action plans to allow clients to receive special needs equipment within an acceptable timeframe, it increases the risk of clients waiting longer than necessary for required equipment. This could adversely impact clients' quality of life and their day-to-day functions (including their ability to live independently). As a result, it may place additional pressures on the health care system.

We recommended that the Ministry of Health work with its service provider to identify special needs equipment on loan that is no longer utilized, and to recover this equipment within a reasonable timeframe.

(2016 Report – Volume 2, p. 163, Recommendation 2; Public Accounts Committee agreement June 12, 2018)

Status – Partially Implemented

Beginning in fall 2017, the Ministry generated a monthly report for the Council that listed the names of the clients with loaned equipment who were deceased or left the province since January 2000. However, by December 2018, neither Health nor the Council had determined how to recover equipment that can be reused (e.g., manual chairs, hospital beds).

By December 2018, the Council had started to develop ideas on how to recover unused equipment. For example, the Council was considering asking long-term care facilities to return loaned equipment after a client was deceased.



Our review of the Ministry's monthly reports found 24,517 clients with 39,957 pieces of loaned equipment were deceased or left the province as of September 2018. Unused loaned equipment included 2,617 manual wheel chairs, 68 power wheel chairs, and 312 hospital beds that the Council could potentially recover and reuse. Our review of the reports also noted some equipment had been unused by the client since January 2000.

Recovering unused equipment would help to decrease the wait times for providing equipment to other clients in need.

3.2 Timely Equipment Repairs and Preventative Maintenance Needed

We recommended that the Ministry of Health work with its service provider to track the quality and timeliness of repairs of special needs equipment. (2016 Report – Volume 2, p. 164, Recommendation 3; Public Accounts Committee agreement June 12, 2018)

Status – Partially Implemented

The Council tracked the results of repairs, but did not collect sufficient information to enable it to monitor the timeliness of repairs of special needs equipment on loan.

In 2017 and 2018, the Council developed checklists for repairs related to refurbishing certain equipment for redeployment to another client. It has checklists for: manual wheelchairs, hospital beds, manual patient lifts, guardian bath tub lifts, and convaid cruisers.³ Checklists help the Council document work it does to ensure equipment is in proper working condition prior to redeployment. For other equipment repairs, technicians document the work completed on a repair slip.

For each of the 30 repairs of equipment on loan we examined, the Council sufficiently documented (either on a checklist or repair slip) work done and when. However, because none of the 30 files indicated when the client brought the equipment in for repairs, the Council did not know if it had completed the repairs within a reasonable timeframe.

Not tracking timeliness of repairs increases the risk that clients may go long periods of time without the required equipment. It also reduces the ability of the Council to monitor the timeliness of the work of its technicians.

We recommended that the Ministry of Health assist its service provider in developing a process to complete appropriate preventative maintenance on special needs equipment on loan. (2016 Report – Volume 2, p. 165, Recommendation 4; Public Accounts Committee agreement June 12, 2018)

Status – Partially Implemented

³ The Convaid Cruiser is a lightweight special needs stroller.

Although the Council better communicated with clients, as well as the Ministry, about upcoming and outstanding maintenance on loaned equipment, it did not always complete preventative maintenance as required, or keep accurate records of equipment requiring preventative maintenance.

The Council is responsible for maintaining all lifting equipment consistent with the manufacturers' recommendations. At December 2018, the Council had about 900 pieces of lifting equipment on loan to clients.

The Council maintains a database of the required service dates for each piece of equipment requiring preventative maintenance but this database is not complete. Although in August 2017, the Council advised the Ministry, in writing, that wider-model hospital beds require preventative maintenance; it did not add this equipment to its preventative maintenance schedule in its database. At December 2018, it had about 30 wider-model hospital beds.

Beginning April 1, 2018, the Council adjusted its communication strategy with clients as follows.

- Two months before maintenance on a loaned piece of equipment is due, its IT system automatically generates a service letter to send to the client. The letter advises the client that preventative maintenance is due. It asks the client to contact the nearest depot to schedule the delivery of replacement equipment, and to return the loaned piece of equipment requiring maintenance.
- If the client does not respond to the first service letter, the Council sends a second letter two months after the month the maintenance was due. The second service letter repeats the request made in the first letter.
- If the client does not respond within three months after the issuance of the second letter, Council staff is to call the client to ensure the client received the letters, and is aware of the required service.
- If the client does not respond within three months after the phone call, the Council sends the final service letter to the client notifying of attempts to contact the client, and the importance of the equipment receiving service to ensure it functions safely.

In April 2018, the Council began reporting to the Ministry, on a quarterly basis, the number of clients in each category (e.g., first letter sent, second letter sent). This keeps the Ministry aware of the number of pieces of equipment in each stage of the maintenance process.

As shown in **Figure 2**, many clients with special needs equipment on loan do not respond to the Council's requests.

**Figure 2—Special Needs Equipment on Loan as of September 30, 2018 Requiring Preventative Maintenance**

	Number of pieces of Equipment
No service required	461
Maintenance due in two months (first service letter sent)	17
Maintenance due (second service letter sent)	11
Maintenance past due by at least three months (telephone calls)	6
Maintenance past due by at least six months (final service letter)	97
Final service letter issued and no response from Client	357

Source: Special Needs Equipment Program September 30, 2018 quarterly report.

For the 10 pieces of lift equipment we tested that required preventative maintenance, we found that:

- For one piece, the Council did not have any records of service done since 2012 (when it was first loaned). In addition, the Council did not perform preventative maintenance on this piece of equipment before loaning it to a new client in 2017.
- For the other 2 pieces, the Council did not service the equipment until 9 and 10 months after maintenance was due, and did not send follow-up letters to the clients.

Failure to perform proper preventative maintenance on equipment on loan increases the risk of injury to clients.

3.3 Measuring Success of Equipment Program Needed

We recommended that the Ministry of Health set out how it plans to measure the success of the Special Needs Equipment Program.

(2016 Report – Volume 2, p. 166, Recommendation 5; Public Accounts Committee agreement June 12, 2018)

Status – Partially Implemented

Since 2016, although the Ministry and the Council discussed potential ways to measure the success of the Program (e.g., conduct a survey), they, as yet, had not decided how.

The Ministry plans to survey clients to obtain information as to whether the Program contributes to the achievement of the Saskatchewan Aids to Independent Living program objectives. At December 2018, it had not yet developed questions to include, or decided how often to survey.

Without measuring the Program’s success, the Ministry cannot know whether the Program is meeting the Saskatchewan Aids to Independent Living program objectives, such as improving affordability of disability supports or providing people with physical disabilities a basic level of coverage for disability related equipment, devices, products, and supplies in a cost effective and timely manner.

3.4 Documented Escalation Process for Complaints Needed

We recommended that the Ministry of Health set clear expectations for when its service provider should escalate complaints to the Ministry related to the Special Needs Equipment Program. (2016 Report – Volume 2, p. 167, Recommendation 6; Public Accounts Committee agreement June 12, 2018)

Status – Not Implemented

The Ministry has not set clear expectations, in writing, on the types of complaints the Council is to escalate to the Ministry. In addition, the Ministry has not set expectation on the types of complaints (e.g., equipment not in good working condition, wait times for equipment) the Council is to escalate to the Ministry.

In practice, when the Council receives a complaint or issue that is outside the policy (e.g., requesting specialized equipment or requesting additional equipment) or if it receives a complaint it cannot resolve on its own, it continues to escalate it to the Ministry.

The Ministry tracks the complaints escalated from the Council. From September 2016 to November 2018, the Council escalated 19 complaints related to the Program to the Ministry.

The Council does not keep track of the nature or number of complaints received. Thereby, the Ministry cannot know if the Council escalated all relevant complaints.

Setting expectations for escalating complaints for the Program would help the Ministry identify issues in the Program and gain timely insight about the Council's delivery of the Program. This would allow the Ministry to make informed decisions about improving service delivery to its clients.

Chapter 28

Highways and Infrastructure – Enforcing Vehicle Weight and Dimension Requirements

1.0 MAIN POINTS

This chapter is our first follow-up audit of five recommendations initially made in 2017. By December 2018, the Ministry had made several improvements.

The Ministry had developed a risk-based enforcement plan that took into account weight and dimension risks, and completed weight and dimension enforcement activities consistent with that plan.

Senior management received periodic information on weight and dimension enforcement activities including monthly actual-to-planned comparisons for key activities. Such comparisons assist the Ministry in monitoring the performance of the Highway Patrol branch, and help it determine whether the Ministry's weight and dimension enforcement activities are sufficient and appropriate.

Through the implementation of a new IT system, the Ministry was working on consistently documenting its responses to inquiries or complaints received. Consistently documenting responses to inquiries helps show it handles inquiries sufficiently and appropriately, and considers whether adjustments to its activities are warranted.

2.0 INTRODUCTION

Under *The Highways and Transportation Act, 1997*, the Ministry of Highways and Infrastructure is responsible for ensuring transport law is followed within Saskatchewan.¹ As part of that overall responsibility, the Ministry has made its Highway Patrol (formerly Commercial Vehicle Enforcement) branch responsible for the enforcement of commercial vehicle weight and dimension regulations on provincial highways.²

In 2017-18, the Highway Patrol branch spent about \$5 million (\$5 million budgeted for 2018-19) enforcing commercial vehicle regulations, including weight and dimensions.^{3,4}

2.1 Vehicle Weight and Dimension Requirements Set in Legislation

Restricting vehicle weight and dimensions is one way the Ministry promotes public safety on provincial highways and protects highway quality. The Ministry has the authority to

¹ *The Highways and Transportation Act, 1997*, section 3(2)(d).

² *The Highways and Transportation Act, 1997*, section. 2(p), defines a provincial highway as a public highway or a proposed public highway that is the subject of a departmental plan or is prescribed as a provincial highway, and includes a weighing and inspection facility.

³ *Government of Saskatchewan Public Accounts 2017-18 Volume 2* (p. 22).

⁴ *Government of Saskatchewan 18-19 Estimates* (p. 83).



restrict gross weight or the dimension of vehicles travelling on provincial highways or prohibit their operation.⁵

The Vehicle Weight and Dimension Regulations, 2010 (issued under the Act) set out the allowable weights and dimensions for vehicles travelling on provincial highways. They include:

- Allowable weights that refer to maximum gross vehicle weight.⁶

The Ministry varies the maximum allowable weights based on its classification of the provincial highway. Provincial highway classification reflects the type of the provincial highway (e.g., pavement, thin membrane) and degree of service provided (e.g., primary, secondary). To maximize the economic movement of goods and minimize long-term damage to road structures, the Ministry assigns special weights to certain provincial highways.⁷

Maximum allowable gross vehicle weight is dependent on a vehicle's maximum registered gross vehicle weight (e.g., 24,300 kilograms for a truck with three axles, 48,300 kilograms for truck and trailer with six axles), tire size, and axle spacing combined with the provincial highway classification.

- Allowable dimensions for vehicles that set specific maximum widths (e.g., 2.6 metres), heights, and lengths for vehicles travelling on provincial highways.

In addition, cities and municipalities have authority to set their own allowable weights and dimensions for vehicles travelling on their streets and roads (e.g., municipal bylaws, road bans). They use law enforcement agencies (such as the RCMP and municipal policing services [e.g., the Regina Police Service]) to enforce these municipal bylaws. These agencies may have officers assigned, trained, or equipped to conduct enforcement of weight or dimension requirements.

2.2 Risks Associated with Over-Dimension and Overweight Vehicles

Saskatchewan's provincial highway network is the largest in Canada on a per capita basis, consisting of over 26,182 kilometres of provincial highways.⁸ Saskatchewan's economy includes significant bulk-commodity exports of agriculture, livestock, oil, and mined mineral resources.

Figure 1 shows the increase in the number of large vehicles (e.g., truck tractors, trailers) registered in Saskatchewan in 2010 and 2017. More large vehicles increases the risk of overweight or over-dimension vehicles travelling on provincial highways.⁹

⁵ *The Highways and Transportation Act, 1997*, section 35.1.

⁶ Gross vehicle weight means the combined weight of a vehicle and the load carried on that vehicle, or the combined weight of two or more vehicles coupled together and the combined weight of the loads carried.

⁷ www.saskatchewan.ca/business/transportation-and-road-construction/information-for-truckers-and-commercial-trucking-companies/regulations-and-road-restrictions/special-weights-and-road-restrictions (18 March 2019).

⁸ The Ministry of Highways and Infrastructure, *2017-18 Annual Report*, p. 3.

⁹ Overweight and over-dimension vehicles are vehicles that exceed weight and dimension regulations and any permits obtained.

Figure 1—Increase in Large Vehicles Registered in Saskatchewan in 2010 and 2017

Type of Vehicle	Number of Registered Vehicles		Percentage Increase (Decrease)
	2010	2017	
Vans (light & heavy, commercial & private)	78,985	58,724	(25.7)%
Commercial & Farm straight trucks	117,797	127,927	8.6%
Truck tractors (semi power units)	19,453	27,345	40.6%
Trailers (commercial, private, farm)	177,927	218,976	23.1%

Source: SGI, *2017 TAIS Annual Report*, p. 46. www.sgi.sk.ca/news?title=2017-traffic-collision-statistics (18 March 2019). 2017 was the most recent information available at March 2019.

Overweight vehicles can damage pavement and bridges. Overweight vehicles can cause rutting, potholes, and other distresses to pavement and bridges.¹⁰ Increased damage to provincial highways increases the frequency in which they need repairs. In addition, overweight vehicles pose safety risks to the driving public. Overweight vehicles may have increased stopping distances and decreased handling capabilities; increasing their risk of being involved in collisions.

Over-dimension vehicles also have increased risk of collisions as:

- Wider loads may obstruct driver views, take up more than one lane, or obstruct signals (e.g., turning and brake lights)
- Tall loads are more likely to tip over, fall off the trailer (e.g., bales falling off onto nearby vehicles), or hit overhead infrastructure (e.g., bridges or power lines)
- Long loads need more room to turn than normal-length loads

While vehicle weight and dimension as the cause of collisions is not tracked; statistics show large vehicles, when in a collision, more often result in fatal collisions. For example, in 2017, truck tractor units were involved in 2% of Saskatchewan's total collisions, with 14% of them involved in fatal collisions.¹¹

The Ministry estimates it spends at least \$10 million each year to repair damage to provincial highways caused by overweight vehicles. In 2017-18, the Ministry spent a total of \$102.9 million for surface preservation on provincial highways.¹²

Effective enforcement of vehicle weight and dimension regulations reduces traffic safety risks and costly damage to the provincial highway system.

2.3 Focus of Follow-Up Audit

This chapter describes our first follow-up of management's actions on the recommendations we made in 2017.

In 2017, we assessed the Ministry's processes to enforce vehicle weight and dimension requirements. Our *2017 Report – Volume 1*, Chapter 7 concluded that its processes, for

¹⁰ Rutting is surface distortions in the wheel paths caused by either wear or heavy loads, or a combination of the two.

¹¹ SGI, *2017 TAIS Annual Report*, p. 42.

¹² *Government of Saskatchewan Public Accounts 2017-18 Volume 2* (p. 22).



the 12-month period ended August 31, 2016, were not effective in enforcing vehicle weight and dimension requirements on provincial highways. We made five 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 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.

We discussed changes to Ministry processes since 2017 with relevant management. We reviewed pertinent documents (e.g., 2018-19 Saskatchewan Highway Patrol Work Plan, tracking of inquiries). We tested a sample of weight and dimension enforcement activities completed, and analyzed related data and handling of inquiries.

3.0 STATUS OF RECOMMENDATIONS

This section sets out each outstanding recommendation including the date on which the Standing Committee on Public Accounts agreed to the recommendation, the status of the recommendation at December 31, 2018, and the Ministry's actions up to that date.

3.1 Risk Assessment Used to Prepare Work Plan and Direct Officer Activity

We recommended that the Ministry of Highways and Infrastructure rationalize, in writing, the nature and extent of its annual vehicle weight and dimension enforcement activities based on assessed risks.

(2017 Report – Volume 1, p. 92, Recommendation 1; Public Accounts Committee agreement June 12, 2018)

Status – Implemented

The Ministry developed an annual work plan for the Highway Patrol branch that sets priorities based on risk.

The Ministry uses data from its periodic province-wide highway risk assessment to aid in the development of the Highway Patrol annual work plan. The Ministry's highway risk assessment identified specific risks that overweight or over dimension vehicles have on Saskatchewan highways. For example, the Ministry had determined the spring-thaw period increases the risk of damage to road surfaces.

We found the Highway Patrol 2018-19 annual work plan reflected these risks. For example, the plan expects officers to increase the percentage of their time on patrolling during the spring-thaw period.

We recommended that the Ministry of Highways and Infrastructure complete vehicle weight and dimension enforcement activities as planned. (2017 Report – Volume 1, p. 94, Recommendation 2; Public Accounts Committee agreement June 12, 2018)

Status – Implemented

The Ministry completes vehicle weight and dimension enforcement activities as outlined in the Highway Patrol annual work plan.

We found the Ministry determined the placement of the fixed scales based on its risk assessment. The purpose of the fixed-position scales is to protect the most important highways in the province. The location of these scales reflects that objective.

The Ministry uses the Officer Activity Tracking System (an IT system) to monitor officer activity. Officers update this system daily and, as part of that update, record time spent at a scale and time spent on patrol.

Our analysis of officer scale and patrol time as compared to the work plan found officers were appropriately adjusting their day-to-day activities (e.g., patrol time versus scale time) consistent with expectations set out in the annual work plan, and Ministry risk assessment.

Preparing a work plan based on assessed risks and completing enforcement according to that plan helps to reduce damage to Saskatchewan highways and helps to monitor that heavy vehicles operate in accordance with legislation.

3.2 Reporting on Enforcement Activities Can Be Improved

We recommended that the Ministry of Highways and Infrastructure follow its established policy requiring Highway Officers to report the results of completed vehicle weight and dimension joint-enforcement activities. (2017 Report – Volume 1, p. 95, Recommendation 3; Public Accounts Committee agreement June 12, 2018)

Status – Partially Implemented

The Ministry reports high-level information related to weight and dimension activities through its Officer Activity Tracking System (e.g., number of hours spent on an activity), and through activity-reporting forms.

The Ministry requires officers to submit activity-reporting forms to management when they complete any kind of focused enforcement activity (e.g., radar in a certain location, blitzes, etc.) or enforcement activity jointly with policing services (e.g., the RCMP). Ministry management receives these forms by email, and files them.



During the September 1, 2016 to December 31, 2018 audit period, there were no joint-enforcement activities undertaken specifically relating to weight or dimensions.¹³

For each of the 30 completed activity-reporting forms we tested that included weight and dimension enforcement activities, Ministry officers consistently completed them. These completed forms contained sufficient information on the activity completed (e.g., officers involved, date of activity, violations identified, etc.). However, we did not find evidence of any detailed compilation or analysis of the completed forms.

The Ministry implemented a new records management system in April 2019 that it expects to use to compile and analyze completed enforcement activities.

Compilation and analysis of completed activity-reporting forms would provide senior management with insight on the appropriateness of the nature and extent of its weight and dimension enforcement activities. Without this information, management may have difficulty providing effective oversight relating to the work completed by Highway Patrol officers.

3.3 Appropriate Reporting Provided to Management

We recommended that the Ministry of Highways and Infrastructure periodically report to senior management on the effectiveness of its activities for enforcing vehicle weight and dimension requirements, including a comparison of planned to actual activities. (2017 Report – Volume 1, p. 97, Recommendation 5; Public Accounts Committee agreement June 12, 2018)

Status – Implemented

Senior management periodically receives reporting about the Ministry's vehicle weight and dimension enforcement activities. This reporting includes comparisons of actual-to-planned for key activities.

Management presents the results of Highway Patrol operations to the Ministry's Executive Committee about three times per year. These presentations summarize recent activities (including weight and dimension enforcement) and include information such as:

- Total number of inspections completed and the type of inspections completed
- Number of tickets issued and the dollar value of those tickets

The Ministry uses the Deputy Minister's Monthly Report Card to report actual activities completed as compared to planned. Reported activities include key vehicle weight and dimension objectives such as comparing the actual year-to-date number of roadside weight inspections performed to planned.¹⁴

¹³ The Ministry attends essentially the same joint enforcement activities each year. None of them are specifically related to weight and dimensions. No other provincial policing services is properly equipped to enforce weights/dimensions (e.g. portable scales, training). This limits the number of joint activities related to enforcing weight and dimensions.

¹⁴ The monthly report card is a report provided to senior management that compares planned to actual performance for metrics that have been identified as key by the Ministry.

Periodically reporting on the effectiveness of vehicle weight and dimension activities allows senior management to monitor and assess whether the Highway Patrol branch is meeting its objectives. It also allows management to determine if the Ministry's weight and dimension enforcement activities are sufficient and appropriate.

3.4 Inquiries Logged But Response to Inquiries Needs Consistent Documentation

We recommended that the Ministry of Highways and Infrastructure follow its established transport investigation policies and procedures for completing investigations related to vehicle weights and dimensions.

(2017 Report – Volume 1, p. 97, Recommendation 4; Public Accounts Committee agreement June 12, 2018)

Status – Recommendation No Longer Relevant

In August 2017, the provincial government announced the creation of the Provincial Protection and Response Team. The creation of this Team expanded the roles and responsibilities of commercial vehicle enforcement officers to include general police duties including responding to 911 calls and carrying a firearm. This increase in responsibility resulted in a re-organization of the Commercial Vehicle Enforcement branch into the Highway Patrol branch. As a result, the Ministry no longer completes investigations specific to vehicle weight and dimensions. Rather it handles them the same way as it handles inquiries and complaints.

While the Ministry consistently tracks receipt of inquiries (including complaints) about Ministry activities, its documentation about Ministry responses to these inquiries is inconsistent.

In November 2018, the Ministry implemented a process to document all calls received from the public about transport compliance. It receives most of these calls through its inquiry line, a public phone line staffed by the Ministry's Trucking Policy, Regulation, and Programs branch.¹⁵ The Ministry documents the date of the call, caller details, and a description of the inquiry along with other pertinent information. When possible, the inquiry line responds directly to inquiries and documents their response.

We found the Ministry does not document its response when a specific Highway Patrol detachment or branch responds to an inquiry. As a result, it could not show us whether the Ministry responded to the inquiry sufficiently, within a reasonable timeframe, and, if necessary, completed appropriate work to address these inquiries.

In April 2019, the Ministry implemented a new records management system. It expects the new system will better document the responses of Highway Patrol detachments to inquiries directed to those detachments.

¹⁵ www.saskatchewan.ca/government/government-structure/ministries/highways-and-infrastructure#information-you-might-be-looking-for (5 April 2019). The phone number is 1-866-933-5290.



Inconsistently documenting Ministry responses to inquiries increases the risk of not handling inquiries sufficiently, and appropriately. Furthermore, without documentation of responses, supervisors cannot monitor the quality of work done and assess whether the Ministry completed sufficient work to address each inquiry.

- 1. We recommend that the Ministry of Highways and Infrastructure consistently document its response to calls received through its inquiry line and actions taken to address each call.**

Chapter 29

Immigration and Career Training – Co-ordinating English-Language Programs

1.0 MAIN POINTS

As of February 2019, the Ministry of Immigration and Career Training (formerly part of the Ministry of the Economy) made some progress in implementing the three recommendations we made regarding co-ordinating English-language programs.

Saskatchewan’s regional colleges deliver English-language programming on behalf of the Ministry. The regional colleges’ business plans set out outcomes that they expect to achieve when delivering this business. The Ministry approves these plans.

The Ministry still needs to work towards:

- Updating its method to assess demand for provincially-funded English-language programs
- Assessing whether regional colleges meet the Ministry’s expectations for delivering English-language programming

Without a clear assessment of program needs, and whether provincial programs meet those needs, the Ministry may not know if provincial English-language programs are sufficient and/or necessary, and effective in assisting immigrants in improving their English-language skills.

2.0 INTRODUCTION

2.1 Background

The Ministry of Immigration and Career Training is responsible for attracting immigrants to the province, and for assisting and facilitating their settlement and integration into Saskatchewan communities and workplaces.^{1,2} The ability to understand and speak English is integral for immigrants to become self-sufficient in Saskatchewan. It is important that the Ministry co-ordinates English-language programs so that Saskatchewan immigrants can secure jobs and contribute to the province’s economy.

The overall goal of English-language programs is to help new immigrants integrate into Saskatchewan life and secure employment. Both federally and provincially funded English-language programs for immigrants exist in Saskatchewan to give immigrants over the age of 18 the opportunity to gain or improve their English-language skills. The Ministry provides these programs to immigrants at no charge.

¹ Immigrants include all residents who were not born in Canada. There are two types of these residents: non-permanent and permanent residents. Non-permanent residents include temporary residents and international students.

² *The Ministry of Immigration and Career Training Regulations*, section 3.



During 2018-19, the Ministry provided approximately \$0.6 million in funding to six Saskatchewan regional colleges to deliver English-language programming.

2.2 Focus of Follow-Up Audit

This chapter describes our second follow-up of management's actions on the recommendations we made in 2015.

In 2015, we assessed the Ministry's processes to co-ordinate English-language programs. Our *2015 Report – Volume 1*, Chapter 8 concluded that the Ministry of Immigration and Career Training had, other than the areas of our five recommendations, effective processes for coordinating English-language programs that assist in employment and settlement of recent immigrants over the age of 18 in Saskatchewan.³ By January 2017, the Ministry implemented two of the five recommendations.⁴

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.

To perform our follow-up audit, we discussed actions taken with management, and reviewed relevant documents (e.g., procedure manuals, regional college funding letters, service agreements, program reporting documents, etc.).

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 February 28, 2019, and the Ministry's actions up to that date.

3.1 Forecasting Demand for English-Language Programs Needed

We recommended that the Ministry of Immigration and Career Training (formerly the Ministry of the Economy) develop a formal methodology, including regional analysis, for assessing the demand for English-language program needs. (2015 Report – Volume 1, p. 70, Recommendation 1; Public Accounts Committee agreement September 15, 2016)

Status – Partially Implemented

³ The original report regarding these recommendations can be found at www.auditor.sk.ca/publications/public-reports. We reported the original audit work in *2015 Report – Volume 1* (Chapter 8, pp. 63-76).

⁴ *2017 Report – Volume 1* (Chapter 16, pp. 213-219).

While the Ministry continues to use various data, such as immigration data and regional analysis, it has not yet completed documenting its methodology to help identify when a community should receive classroom-based English-language instruction.

To assist in directing funding to address needs, in 2017, the Ministry began using a Request for Proposal process to contract with agencies, including regional colleges, for the provision of English-language programming. This programming is specifically for learners who are not eligible for federal programs. During 2018-19, it has signed agreements with two regional colleges to provide specific English-language programming.

Periodic reviews of existing methodologies help identify opportunities to make refinements and to develop a formal methodology.

3.2 Monitoring of Program Delivery Needed

We recommended that the Ministry of Immigration and Career Training (formerly the Ministry of the Economy) sign agreements for the delivery of English-language programs with regional colleges that deliver these programs. (2015 Report – Volume 1, p. 73, Recommendation 4; Public Accounts Committee agreement September 15, 2016)

Status – Intent of Recommendation Implemented

Starting in 2018-19, instead of the Ministry including performance targets in funding letters to colleges, the regional colleges have specified them in their business plans. The business plans include providing English-language programs.⁵ These plans set out expected outcomes (e.g., students will have the English-language skills needed to independently perform day-to-day interactions within their community) and acceptability levels (e.g., percentage of students will achieve growth in at least one language skill level). The outcomes and acceptability levels are consistent across the regional colleges that are delivering these programs. We found that the Ministry had reviewed and approved each of these business plans.

Inclusion of the expected outcomes and acceptability levels in Ministry-approved related business plans of regional colleges will help ensure colleges deliver English-language programs as expected by the Ministry. In addition, it will help the Ministry determine whether the colleges deliver these programs as expected.

We recommended that the Ministry of Immigration and Career Training (formerly the Ministry of the Economy) formally assess whether regional colleges that deliver English-language programs meet its expectations as set out in its Regional Colleges' policy manual. (2015 Report – Volume 1, p. 75, Recommendation 5; Public Accounts Committee agreement September 15, 2016)

Status – Partially Implemented

⁵ Between 2015-16 and 2017-18, the Ministry used funding letters for the regional colleges' delivery of English-language programs. The funding letters included performance targets that it expects the regional colleges to achieve.



At February 2019, the Ministry was starting to set out a review process that would include assessing whether regional colleges meet Ministry expectations when delivering English-language programs. The Ministry expects to establish this process and complete its review by September 2020.

Not actively monitoring and assessing whether the regional colleges' English-language programs meet its expectations means the Ministry does not know if its annual program funding achieves its expected results.

Chapter 30

Immigration and Career Training—Nominating Qualified Immigrant Applications

1.0 MAIN POINTS

As of February 2019, the Ministry of Immigration and Career Training (formerly part of the Ministry of the Economy) had implemented the two outstanding recommendations we initially made in our 2013 audit of its processes to nominate qualified immigration applicants.

The Ministry updated and approved its Entrepreneur Immigration Procedures Manual for its staff. In addition, the Ministry trained staff.

Having up-to-date guidance and training better enables staff to appropriately assess immigrant applications, including assessing the business establishment plans. This will assist in treating applicants in a fair and equitable manner.

2.0 INTRODUCTION

2.1 Background

The Ministry facilitates immigration with the help of the Saskatchewan Immigrant Nominee Program. Through this Program, the Ministry recommends the nomination of qualified applicants for permanent immigrant status to the Federal Government.

To support economic and population growth, the Ministry needs to nominate potential immigrants who will be accepted by the Federal Government for immigration. The Program needs to be fair and transparent to avoid real or perceived bias against or favoritism of potential immigrants and employers.¹

The Federal Government has the sole authority to grant immigration status to individuals. It has agreements with provinces to help provincial governments in addressing local labour shortages through immigration. The Ministry does not directly participate in recruiting potential immigrants. Rather, it facilitates the immigration process by working with Saskatchewan employers and potential immigrants to improve the likelihood of the Federal Government accepting a nomination (recommendation).

2.2 Focus of Follow-Up Audit

This chapter describes our second follow-up of management's actions on the recommendations we made in 2013. In our *2013 Report – Volume 1*, Chapter 12, we concluded that for the eight-month period ended December 31, 2012, the Ministry's Saskatchewan Immigrant Nominee Program operated effectively, other than areas

¹ *Saskatchewan Plan for Growth vision 2020 and Beyond*, p. 7.



reflected in our five recommendations, to nominate qualified immigration applicants to meet the program's objective.² By March 2016, the Ministry implemented three of the five recommendations.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 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.

To perform our follow-up audit, we discussed actions taken with management, reviewed the relevant documents (i.e., procedures manual, immigrant application files, staff training documents), and tested a sample of application files for the Entrepreneur Immigration Categories of the Program.

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 February 28, 2019, and the Ministry's actions up to that date.

3.1 Guidance and Training for Staff Provided

We recommended that the Ministry of Immigration and Career Training (formerly the Ministry of the Economy) provide guidance for staff to assess the feasibility of relocation and settlement plans and business establishment plans for the Entrepreneur Immigration Categories of the Saskatchewan Immigrant Nominee Program. (2013 Report – Volume 1, p. 142, Recommendation 1; Public Accounts Committee agreement December 9, 2013)

Status – Implemented for business establishment plans – no longer relevant for relocation and settlement plans

We recommended that the Ministry of Immigration and Career Training (formerly the Ministry of the Economy) provide training for staff to assess the feasibility of relocation and settlement plans and business establishment plans for the Entrepreneur Immigration Categories of the Saskatchewan Immigrant Nominee Program. (2013 Report – Volume 1, p. 142, Recommendation 2; Public Accounts Committee agreement December 9, 2013)

Status – Implemented for business establishment plans – no longer relevant for relocation and settlement plans. As noted in our first follow-up, in March 2015, the Ministry changed its program criteria for the Entrepreneur

² 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 1*, Chapter 12 (pp. 133-148).

³ *2016 Report – Volume 1*, Chapter 19.

Immigration category. Under the revised criteria, applicants are no longer required to submit a relocation and settlement plan.⁴

In 2016, the Ministry updated its guidance for staff to assess immigrant applications. It removed its documented procedures related to requiring and assessing relocation and settlement plans to reflect the change in the program criteria.

The Ministry also provided staff with adequate training about appropriately assessing immigrant applications, including assessing the business establishment plans (e.g., staff meetings to review the program changes and updates to its Procedures Manual).⁵

The Ministry formally approved the most recent update to its Procedures Manual in April 2018.

At the time of our first follow-up (December 2015), the Ministry had not processed about 1,500 applications under the previous entrepreneur program. As of February 2019, it had processed all of these applications.

For each of the 21 applications we tested under the revised criteria, and the 30 applications we tested under the previous criteria, the Ministry's staff appropriately assessed the applications and business establishment plans, and documented the results in its program database. This shows the Ministry gave staff sufficient guidance and training about assessing immigrant applications.

Training and written guidance on how to assess business establishment plans are necessary so that staff are able to evaluate the plans consistently and appropriately. Without this, the Ministry is at risk of not treating applicants consistently in a fair and equitable manner.

⁴ Relocation and settlement plans outline the applicants plans for moving to Saskatchewan including an estimate of relocation costs and living expenses, and initial contacts related to legal, financial, and family matters.

⁵ Both the revised and previous criteria require applicants to submit business establishment plans as part of the application process. Business establishment plans include information on the proposed business idea, investment details, management, personnel, etc. See publications.gov.sk.ca/documents/310/89677-Business%20Establishment%20Plan-May10%202016.pdf (11 April 2019)

Chapter 31

Immigration and Career Training—Working Towards Establishing Outcomes-Based Contracts

1.0 MAIN POINTS

By February 2019, the Ministry of Immigration and Career Training implemented one of the three recommendations we made in our 2017 audit of its processes to establish outcomes-based contracts for the delivery of its Adult Basic Education – Essential Skills for the Workplace Program.

The Ministry has made progress in using outcomes that are clearly defined and measurable. However, the Ministry has not made progress in using financial incentives nor aligning payment terms to the achievement of outcomes. Using financial incentives and aligning payment to achievement of outcomes are key to obtaining overall better value, better performance, and lower costs for contracted services.

2.0 INTRODUCTION

2.1 Background

The Ministry is responsible for increasing employment opportunities for Saskatchewan people. Under *The Ministry of Immigration and Career Training Regulations* (formerly *The Ministry of the Economy Regulations*), the Ministry is to co-ordinate, develop, promote, and implement policies and programs related to:

- Training and career-related services
- Increasing participation in the labour market
- Support for employers in meeting their labour market needs

The Ministry administers programs designed to develop skills of those under-represented in the labour market. For example, its Adult Basic Education programs assist adults in furthering their education and acquiring essential workplace skills. The Ministry defined essential skills for the workplace to include reading, document use, numeracy, writing, oral communication, working with others, thinking, computer use, and continuous learning.¹

The purpose of the Adult Basic Education – Essential Skills for the Workplace Program is to help low-skill job seekers to acquire the essential skills required to work in local businesses, and to assist employers to hire and retain workers. This Program provides general and job-specific programs at a basic level for learners with low levels of literacy and numeracy to prepare them for entry-level jobs.

¹ abclifeliteracy.ca/nine-essential-skills (4 March 2019).



In 2015-16, the former Ministry of the Economy started to use a form of outcomes-based contracts for its labour market services programs including the Adult Basic Education—Essential Skills for the Workplace Program.

The Ministry states that the primary purpose of using outcomes-based contracting is to improve client outcomes in the most efficient and effective manner. The Ministry includes specific outcomes directly in contracts. The Ministry does not prescribe how the supplier achieves the outcomes. Suppliers use their expertise to determine the services they will provide to achieve the outcomes. In addition, the Ministry expects to measure a supplier's performance based on how well the supplier achieved those outcomes.²

At February 2019, the Ministry had about 25 outcomes-based contracts in effect for the Adult Basic Education—Essential Skills for the Workplace Program. In 2018-19, the Ministry expects to spend about \$2.3 million on this Program (2017-18 actual: \$1.1 million).

2.2 Focus of Follow-Up Audit

This chapter describes our follow-up of management's actions on the recommendations we made in 2017.

In 2017, we assessed the Ministry of Immigration and Training's (formerly the Ministry of the Economy) processes to establish outcomes-based contracts. Our *2017 Report – Volume 1*, Chapter 3 concluded that the Ministry had, other than the areas of our three recommendations, effective processes for establishing its form of outcomes-based contracts for delivery of its Adult Basic Education—Essential Skills for the Workplace Program.

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.

During our follow-up audit, we interviewed Ministry staff to discuss key actions that management has taken since our 2017 audit to implement the outstanding recommendations. We reviewed supporting documentation, policies, and contracts, and tested a sample of contracts in place during the audit period (for the 12-months ending February 28, 2019).

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 February 28, 2019, and the Ministry's actions up to that date.

² Ministry of the Economy, *Outcomes-based Contract Management—Supplier Handbook*, (2015), p. 3.

3.1 Consistent Use of Measurable Outcomes in Contracts

We recommended that the Ministry of Immigration and Career Training (formerly the Ministry of the Economy) use clearly defined and measurable outcomes to know whether quantifiable improvements are made for program participants (clients). (2017 Report – Volume 1, p. 35, Recommendation 1; Public Accounts Committee has not yet considered this recommendation as of April 25, 2019)

Status – Implemented

Since our 2017 audit, the Ministry revised contracts to make contracted outcomes more clearly defined and measurable.

In the four contracts with its suppliers to deliver its Adult Basic Education—Essential Skills for the Workplace Program that we tested:

- For the contracted outcome related to the participants accessing a work experience, the updated contracts specify the expected duration of the work placement. For example, one contract indicated that the program will include 60 hours of work placement/job shadow per participant.
- For measuring the contracted outcomes related to participants completing an introduction to water and wastewater technician course, an updated contract assessed whether 70% of participants received level 1 certification and relevant safety tickets.

Having clear definitions for expected outcomes set out in contracts allows for measuring the extent of achievement of the agreed-upon outcome. Clear definitions foster consistent interpretation of expectations between the Ministry and the supplier on the minimum performance that is acceptable. It helps ensure suppliers clearly understand what they are responsible for achieving and how the Ministry plans to measure their performance.

3.2 Payment Terms of Outcomes-Based Contracts Not Tied to Achievement of Desired Outcomes

We recommended that the Ministry of Immigration and Career Training (formerly the Ministry of the Economy) reconsider the use of financial incentives in its outcomes-based contracting. (2017 Report – Volume 1, p. 37, Recommendation 2; Public Accounts Committee has not yet considered this recommendation as of April 25, 2019)

Status – Not Implemented



We recommended that the Ministry of Immigration and Career Training (formerly the Ministry of the Economy) align contracted terms of payment with the suppliers' achievement of outcomes for its outcomes-based contracting. (2017 Report – Volume 1, p. 38, Recommendation 3;

Public Accounts Committee has not yet considered this recommendation as April 25, 2019)

Status – Not Implemented

Management indicated that they have not further assessed the use of financial incentives in its outcomes-based contracting for the Adult Basic Education—Essential Skills for the Workplace Program. In addition, the Ministry has not changed the contracted terms of payments to align with whether suppliers achieve contracted outcomes.

For all four signed contracts we tested, the payment terms did not align with the achievement of the outcomes specified in the contract. Consistent with our 2017 audit, the payment terms include three different types of payments through the life of the contract:

- Partial payment upon signing the contract
- Interim payment based on receipt of a progress monitoring report and verification of project expenditures
- Final payment upon receipt of final progress monitoring report and verification of all expenditures

None of the above payments depend upon the achievement of the outcomes specified in the contract.

While a supplier may not achieve all of the agreed-upon outcomes, not including incentives and not linking amounts paid under the Program contracts to the achievement of at least a portion of those agreed-upon outcomes seems contrary to the Ministry's objective of using outcomes-based contracting and to the defining features of outcomes-based contracting.

Chapter 32

Living Sky School Division No. 202—Engaging Grades 7 to 12 Students

1.0 MAIN POINTS

Living Sky School Division No. 202 has improved its processes to engage Grade 7 to 12 students.

By February 2019, Living Sky required its schools to use an action plan template to develop clear and timely responses to the *OurSCHOOL* survey results for student engagement. The Division also regularly meets with its Indigenous Advisory Council to obtain feedback to help increase the engagement of First Nations and Métis students.

While the Division analyzed the year-over-year survey results at a division-level, its schools did not conduct a year-over-year analysis at a school-level. Also, the Division and its schools did not establish interim targets related to the survey results. Establishment of interim targets and in-depth analysis at the school-level can help the Division to measure the success of specific student engagement initiatives. Doing so may help schools focus their resources on initiatives that are making a difference in student engagement.

2.0 INTRODUCTION

2.1 Background

Student engagement is the extent to which students identify with and value schooling outcomes, have a sense of belonging at school, participate in academic and non-academic activities, strive to meet formal requirements of schooling, and make a serious personal investment in learning.¹

Disengaged students are at a higher risk of falling behind and may drop out of school.² Students that are not sufficiently engaged in school may not graduate, which in turn may negatively impact future employment opportunities for these students.

The Education Act, 1995 gives boards of education (school boards) the responsibility for administration and management of schools, with oversight from the Ministry of Education.³ It makes school boards responsible for exercising general supervision and control over the schools in their school division. In addition, it establishes the duties of students relating to student engagement, such as attending school regularly and being diligent in their studies.⁴

¹ Willms, J. D., Friesen, S. & Milton, P., *What did you do in school today? Transforming classrooms through social, academic, and intellectual engagement*, (2009), p. 7.

² blogs.edweek.org/edweek/inside-school-research/2013/07/pittsburgh--a-student-who-show.html (18 March 2019).

³ Section 85(1) of *The Education Act, 1995*.

⁴ Section 150 of *The Education Act, 1995*.

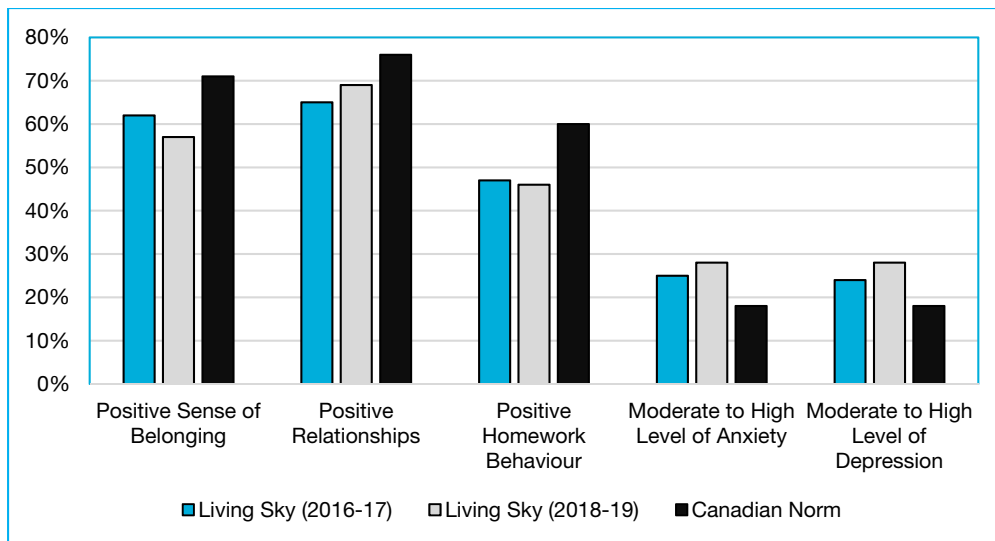


To help school divisions monitor student engagement, the Ministry makes available and expects Saskatchewan school divisions to annually administer a survey called the *OurSCHOOL* survey. School divisions separately administer this survey to students in Grades 4 to 6 (elementary) and in Grades 7 to 12 (middle/secondary). The survey is designed to collect information such as students' sense of belonging, intellectual engagement, and positive relationships (i.e., measures of student engagement).⁵ An external consultant contracted by the Ministry developed the survey and facilitates its use.

Living Sky is a primarily rural school division located in northwest Saskatchewan. The Division has approximately 5,400 students, and operates 23 schools in 14 communities.⁶ It includes the communities of North Battleford, Unity, Spiritwood, and surrounding areas. At September 30, 2018, almost one-third of the Division's students had self-identified as First Nations and Métis.⁷

Figure 1 sets out the Division's Grades 7 to 12 survey results from 2016-17. Results were worse than the Canadian norm (i.e., positive sense of belonging, positive relationships, positive homework behaviour, level of anxiety, level of depression). When compared to the most recent survey results for 2018-19, the percentage of students within the Division reporting positive relationships improved since our last audit but the other survey results have remained flat or worsened. The level of student engagement in these areas remains worse than the Canadian norm.

Figure 1—Living Sky's 2016–17 and 2018–19 *OurSCHOOL* Engagement Indicators for Grades 7 to 12 Worse Than the Canadian Norm



Source: Adapted from Living Sky's *OurSCHOOL* survey results.

Students living in poverty, students with disabilities, and students from ethnic minorities and First Nations and Métis communities disproportionately experience disengagement from school. Disengagement has also been linked to school violence and social exclusion.⁸

⁵ Ministry of Education Plan for 2018-19, p. 6.

⁶ Living Sky School Division No. 202 Board of Education Annual Report – 2017-18, pp. 30, 33.

⁷ Ibid., p. 30.

⁸ Willms, J. D., Friesen, S. & Milton, P., *What did you do in school today? Transforming classrooms through social, academic, and intellectual engagement*, (2009), p. 7.

2.2 Focus of Follow-Up Audit

This chapter describes our first follow-up of management's actions on the four recommendations we made in our *2017 Report – Volume 1*, Chapter 8 about Living Sky's processes to engage Grades 7 to 12 students. We concluded that for the 12-month period ended January 31, 2017, Living Sky School Division No. 202 had, other than the matters reflected in those four recommendations, effective processes to engage Grades 7 to 12 students.

To conduct this audit engagement, we followed the standards for assurance engagements published in the *CPA Canada Handbook – Assurance (CSAE 3001)*. To evaluate Living Sky's progress towards meeting our recommendations, we used the relevant criteria from the original audit. Living Sky agreed with the criteria in the original audit.

To perform this follow-up audit, we examined the Division's strategic plan, a sample of schools' survey action plans, as well as minutes and agendas from relevant meetings (e.g., Board, Indigenous Advisory Council). We also interviewed relevant Division 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 recommendation at February 9, 2019, and Living Sky's actions up to that date.

3.1 Clear and Timely Action Plans Developed

We recommended that Living Sky School Division No. 202 require its schools to develop clear and timely action plans in response to the OurSCHOOL survey results. (*2017 Report – Volume 1*, p. 106, Recommendation 1; Public Accounts Committee agreement June 12, 2018)

Status – Implemented

Living Sky required its schools to use an action plan template to develop clear and timely action plans in response to the *OurSCHOOL* survey results.

In its action plan template, the Division set out its priorities for schools to address when responding to the survey results (i.e., positive teacher-student relationships, sense of belonging, and positive relationships). For each of the priorities, the template required schools to establish actions, tasks, responsibilities, timelines, and success criteria.

For a sample of three schools, we reviewed their action plans responding to the 2018-19 survey results. We found that these schools completed their action plans in a timely manner (i.e., within one month of survey closing) and included specific actions addressing the priority areas, along with associated deadlines.⁹

⁹ The Division closed the survey to student responses in early November 2018.



Developing action plans earlier in the school year gives the Division and its schools more opportunity to implement and evaluate initiatives designed to improve student engagement.

3.2 Interim Targets Related to Survey Results Not Established

We recommended that Living Sky School Division No. 202 and its schools establish interim targets related to the OurSCHOOL survey. (2017 Report – Volume 1, p. 107, Recommendation 2; Public Accounts Committee agreement June 12, 2018)

Status – Not Implemented

Living Sky and its schools did not establish interim targets related to the *OurSCHOOL* survey results.

Living Sky's strategic plan for 2017-18 to 2019-20 includes some outcomes relating to student engagement, such as increasing graduation rates, enhancing meaningful relationships, and improving student attendance.

While the Division plans to use the *OurSCHOOL* survey results to help measure its progress toward achieving these outcomes, the Division has not established targets associated with the survey.

Also, our review of action plans of three schools found that the schools identified success criteria for each of their planned actions, but did not include targets for measuring success of the actions. Without establishing targets, it is difficult for the Division and its schools to measure the success of actions.

In the spring of 2019, the Division plans to create and administer its own student engagement survey, in addition to the *OurSCHOOL* survey.

Assessing student engagement a second time during the school year will help the Division assess its progress in improving student engagement over the course of the school year. Establishment of targets can help the Division assess the impact of its actions during the school year.

3.3 Schools Not Analyzing Year-Over-Year Survey Results

We recommended that Living Sky School Division No. 202 and its schools analyze the year-over-year OurSCHOOL survey results to inform survey action plans. (2017 Report – Volume 1, p. 107, Recommendation 3; Public Accounts Committee agreement June 12, 2018)

Status – Partially Implemented

Living Sky analyzed the year-over-year *OurSCHOOL* survey results at a division-level, but its schools did not perform a similar analysis.

The Division reviewed its year-over-year survey results at a division-level. It then made adjustments to action plans (e.g., development of a second survey during the year with a focus on questions about student mental health).

The Division shared its year-over-year *OurSCHOOL* survey results at various levels throughout the Division (e.g., Board, Administrators' Council, Senior Leadership Team).

For a sample of three schools, we found that the schools did not conduct a year-over-year analysis of the *OurSCHOOL* survey results at a school-level. The analysis conducted by these schools focused on reactions to the most recent survey results (i.e., celebrations, surprises).

Analysis at a school-level may highlight successful student engagement initiatives and those initiatives not achieving the desired outcomes. This would help schools in focusing their resources on initiatives that are making a difference in student engagement and reduce potential for initiative overload.

3.4 Input of Indigenous Advisory Council Obtained

We recommended that Living Sky School Division No. 202 obtain the input of its Indigenous Advisory Council on the OurSCHOOL survey results specific to First Nations and Métis students.¹⁰ (2017 Report – Volume 1, p. 108, Recommendation 4; Public Accounts Committee agreement June 12, 2018)

Status – Implemented

The Division obtained the input of its Indigenous Advisory Council to help increase the engagement of its First Nations and Métis students.

Living Sky's Indigenous Advisory Council is comprised of elders and students that provide advice and guidance on matters concerning the Division's First Nations and Métis students. The Council meets approximately four times each year. The Division shares the results of the *OurSCHOOL* survey with the Council—it shared the most recent survey results in February 2019.

We found that the Division developed its plan for supporting First Nations and Métis students based on the information provided by the Council. The Division's plan includes actions such as placing an emphasis on meaningful curriculum connections, culturally relevant material, and developing strong relationships between teachers and students.

We also found that members of the Council were involved in various activities within the Division contributing towards student engagement, such as blanket exercises, an attendance campaign, and the development of a traditional teachings booklet to use in schools.¹¹

Obtaining the input of the Indigenous Advisory Council enables the Division to develop specific initiatives in response to the survey results, further engaging First Nations and Métis students.

¹⁰ The Division's Indigenous Advisory Council was formerly known as its Elders' Council.

¹¹ The blanket exercise is an interactive educational program that organizations can use when teaching the history of indigenous peoples in Canada.

Chapter 33

Prairie Spirit School Division No. 206—Maintaining Facilities

1.0 MAIN POINTS

By February 2019, Prairie Spirit School Division No. 206 made progress in improving its processes to maintain its facilities.

The Division required independent review of estimated maintenance costs. Prairie Spirit was developing service objectives and an overall maintenance plan for all of its facilities and significant components. The Division worked on making the records of its facilities and components more complete and accurate, including setting out what key information it expected staff to record.

While Prairie Spirit did not yet provide its Board with periodic comprehensive maintenance reports, it developed a reporting template to provide its Board with information about key risks impacting the Division's facilities. The Division expected to report this information to its Board by spring 2019.

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

2.1 Background

Prairie Spirit is a public school division that operates 37 schools in the area surrounding the City of Saskatoon.¹ Prairie Spirit educates about 11,000 students each year.² The Division is responsible for maintaining over 160,000 square metres of facilities.

In 2017-18, Prairie Spirit spent about 17% of its total annual expenses on plant operations and maintenance—its second largest expense after salaries and benefits (see **Figure 1**). Maintenance is the process of keeping existing facilities in good condition to meet service objectives.

¹ *Prairie Spirit School Division No. 206 Annual Report 2017/18*, p. 34.

² *Ibid.*, p. 7.

**Figure 1 – Capital and Maintenance Expenses**

	2018 Actual	2017 Actual
Plant Operations & Maintenance Expense	\$20.6 million	\$18.1 million
Total Expenses	\$123.1 million	\$119.5 million
% of Total Expenses Related to Plant Operation & Maintenance Expense	16.8%	15.1%
Buildings – Net Book Value ^A	\$175.0 million	\$178.9 million
Tangible Capital Assets – Net Book Value	\$195.8 million	\$198.8 million
% of Tangible Capital Assets Related to Buildings	89.4%	90.0%

Source: *Prairie Spirit School Division No. 206 Annual Report 2017/18*.

^AIncludes net book value of buildings, short-term buildings, and assets under construction.

Planning for and completing required maintenance is essential to the ongoing operation of the school division. Improper or untimely facility maintenance can lead to potential health and safety problems for students, staff, and the public. It can also result in reduced quality of space, loss of facility value or service life (i.e., replacing a facility earlier than intended), and higher repair costs in the future. Repairs can be disruptive and costly. Doing timely required maintenance may reduce or potentially eliminate the need for, and the extent of, major repairs.

2.2 Focus of Follow-Up Audit

This chapter describes our first follow-up of management's actions on the seven recommendations we made in our *2016 Report – Volume 1*, Chapter 12 about Prairie Spirit's processes to maintain its facilities. We concluded that for the 12-month period ended November 30, 2015, Prairie Spirit School Division No. 206 did not have effective processes to maintain its facilities.

To conduct this audit engagement, we followed the standards for assurance engagements published in the *CPA Canada Handbook – Assurance (CSAE 3001)*. To evaluate Prairie Spirit's progress towards meeting our recommendations, we used the relevant criteria from the original audit. Prairie Spirit agreed with the criteria in the original audit.

To perform our follow-up audit, we examined Prairie Spirit's reports and documents relating to maintaining its facilities. We reviewed the Division's maintenance system and procedures, and tested a sample of maintenance items and maintenance cost estimates. We also interviewed staff responsible for maintaining 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 February 8, 2019, and Prairie Spirit's actions up to that date.

3.1 Division Working to Establish Service Objectives and Maintenance Plan

We recommended that Prairie Spirit School Division No. 206 establish service objectives for each type of facility and significant related components. (2016 Report – Volume 1, p. 137, Recommendation 3; Public Accounts Committee agreement September 14, 2016)

Status – Partially Implemented

Prairie Spirit was establishing service objectives for its key types of facilities and significant components in conjunction with activities to update its records.³ It expected to finalize service objectives by December 2021.

For facilities, Prairie Spirit expects to set a target facility condition index rating.⁴ For significant components, Prairie Spirit's draft overall service objective is to maximize their useful life. To achieve this service objective, the Division was in the process of establishing the frequency of preventative maintenance. Preventative maintenance is repairs and inspections intended to assist in systematic correction of emerging failures before they occur or before they develop into major defects.

Having service objectives for types of facilities and significant components would help Prairie Spirit determine what future maintenance (preventative and reactive) to do and when.⁵

We recommended that Prairie Spirit School Division No. 206 develop a maintenance plan for all of its facilities and their significant components, including short-, medium-, and long-term maintenance priorities and planned preventative maintenance strategies. (2016 Report – Volume 1, p. 140, Recommendation 4; Public Accounts Committee agreement September 14, 2016)

Status – Partially Implemented

At February 2019, Prairie Spirit was developing an overall maintenance plan for all of its facilities and their significant components. It was developing an administrative procedure that will form its maintenance plan. Prairie Spirit planned to complete this administrative procedure by spring 2019.

Our review of the draft administrative procedure found that it included prioritization criteria for short-, medium-, and long-term maintenance, as well as a summary of the Division's strategies for planned preventative and reactive maintenance.

Having an overall maintenance plan would assist the Division in determining the cost of its maintenance needs over the short, medium, and long term, and resources needed. It would demonstrate the Division's plans to reduce or potentially eliminate the need for, and the extent of, major repairs in the future. A maintenance plan would also help

³ Service objectives are the intended purpose of a facility over a specified service life plan.

⁴ Facility condition index is the amount of deferred maintenance divided by the current replacement value.

⁵ Reactive maintenance is repairs made in response to service requests and are completed as issues arise.



Prairie Spirit determine the impact on its facilities of delaying maintenance (deferred maintenance).⁶

3.2 Division Updating Facilities and Components Records

We recommended that Prairie Spirit School Division No. 206 set out, in writing, what minimum information it expects staff to gather and record about its facilities and significant components. (2016 Report – Volume 1, p. 134, Recommendation 1; Public Accounts Committee agreement September 14, 2016)

Status – Partially Implemented

Since our 2016 audit, Prairie Spirit was making the records of its facilities and significant components more complete and accurate. In addition, it was setting out what key information it expected staff to gather and record about its facilities and significant components. As of February 2019, it had not finalized its expectations.

Prairie Spirit better used its maintenance IT system to record information about its facilities and significant components (e.g., HVAC systems). The IT system requires staff to document specific information about the assets (e.g., serial number, model, manufacturer).

The Division made gathering information about each of its schools' HVAC systems (e.g., furnaces, air handling units, exhaust fans, force flow heaters, air conditioners) a priority.⁷ The Division had added almost 2,000 items to its maintenance IT system since our 2016 audit. As of January 2019, its maintenance IT system tracked over 5,000 items.

Having complete and accurate records about its facilities and significant components provides a foundation for setting preventative maintenance requirements.

The Division was also revising its administrative procedures to give staff more guidance about what information to gather for each of its facilities and significant components. For example, its draft administrative procedures about facilities strategic planning require staff to periodically inspect all facilities in-depth so as to evaluate their actual facility condition index ratings. The Division expected to finalize its inspection requirements by December 2021.

Having documented processes about minimum maintenance information to track enables knowledge transfer in the event of staff turnover, and assists staff in understanding and following consistent processes. It can also hold those responsible accountable for their actions with clearly laid out expectations.

⁶ Deferred maintenance is work that has been postponed or phased for future action.

⁷ The Division hired a contractor to identify components of each of its schools' HVAC systems, and update its maintenance IT system. As of January 2019, the contractor updated the Division's records for about half of the schools.

3.3 Inspections and Maintenance Tracking Improved, But Incomplete

We recommended that Prairie Spirit School Division No. 206 provide staff with written guidance on the nature, extent, and frequency of inspections of all of its facilities and related significant components.

(2016 Report – Volume 1, p. 135, Recommendation 2; Public Accounts Committee agreement September 14, 2016)

Status – Partially Implemented

We recommended that Prairie Spirit School Division No. 206 track maintenance completed on facilities and significant components.

(2016 Report – Volume 1, p. 143, Recommendation 5; Public Accounts Committee agreement September 14, 2016)

Status – Partially Implemented

Since our 2016 audit, Prairie Spirit increased its use of the functionality of the maintenance IT system to schedule and track preventative maintenance. However, Prairie Spirit continued to use an informal process to follow up preventative maintenance due but not yet completed.

The Division better used the maintenance IT system to give staff guidance on when and how to inspect facilities and significant components for items recorded in the system. (See **Section 3.2** for activities underway to improve the completeness and accuracy of information in this system). In addition, staff used the system to track maintenance completed.

The maintenance IT system includes preventative maintenance tasks. These set out inspection procedures and information to collect about the nature and extent of the inspection. The system can automatically schedule the tasks based on a frequency the Division establishes (e.g., monthly inspection at a school). It can automatically assign the tasks to appropriate maintenance staff or contractors.

At January 2019, the Division had established over 670 preventative maintenance tasks to take place over a calendar year. In our 2016 audit, it had established about 100 tasks. The Division expected to finish establishing tasks for facilities and components included in its maintenance IT system by January 2020.

For each of the 30 preventative maintenance tasks we tested, the Division documented key information about nature, extent, and timing of the completed inspection in its maintenance IT system. For each of these, we found the system included evidence that maintenance staff completed expected tasks.

However, we found that the Division had not completed about one-third of total preventative maintenance tasks scheduled between December 2016 and January 2019 (i.e., over 300 preventative maintenance tasks). A significant portion of outstanding



maintenance was due to staff using a system-generated report that did not include all outstanding maintenance. The Division fixed this report problem in January 2019.

While the Division communicated guidance about inspections of facilities and significant components and tracked their completion, it only did so for assets within its maintenance IT system. Until it records all significant components, the Division cannot establish inspection requirements for them or track completion of the maintenance. Not having inspection requirements for all significant components increases the risk of not having sufficient information about the condition of them to develop maintenance plans.

3.4 Comprehensive Maintenance Reports Not Provided to Board

We recommended that Prairie Spirit School Division No. 206 provide its Board with periodic comprehensive maintenance reports (e.g., condition of facilities, timely completion of maintenance, deferred maintenance and its anticipated impact) to inform decision making. (2016 Report – Volume 1, p. 145, Recommendation 6; Public Accounts Committee agreement September 14, 2016)

Status – Partially Implemented

As of February 2019, Prairie Spirit was not yet giving its Board periodic comprehensive maintenance reports. The Division had drafted a template for periodically reporting facilities information to the Board.

In the meantime, the Division continued to provide its Board with maintenance reports similar to those we identified in our 2016 audit. These reports include requests for maintenance and capital funding, and awarding of maintenance contracts. The reports did not outline or summarize the condition of the Division's facilities, status of completion of its preventative maintenance, or identify the nature and extent of deferred maintenance and its anticipated impact.

As of February 2019, the Division's draft template for periodic reporting of facilities information to the Board should capture sufficient information about key risks impacting the Division's facilities. The template includes information about facility condition index ratings, completion of maintenance, and project status updates. Management indicated that it expected to start using this template in spring 2019.

Without complete information, the Board cannot evaluate whether the Division sufficiently maintains its facilities and significant components, and whether it is focusing its maintenance efforts in the right areas. In addition, it does not know the impact of delaying maintenance today on health and safety of students and staff, or on future costs.

3.5 Estimated Maintenance Costs Reviewed

We recommended that Prairie Spirit School Division No. 206 require estimated maintenance costs to be reviewed against supporting information for reasonableness by someone other than the preparer of the estimates. (2016 Report – Volume 1, p. 146, Recommendation 7; Public Accounts Committee agreement September 14, 2016)

Status – Implemented

Prairie Spirit required a formal review of reasonableness of estimated maintenance costs by someone other than the preparer of the estimates.

In late 2018, the Division began using a template to guide and document its maintenance cost estimation process for facilities projects. It used the template to document the preparation of the estimate and related support, and the review of the estimated costs by someone independent of the preparer.

For each of the five cost estimates we tested, staff consistently documented the preparation of the estimates using the new template, included sufficient support for them, and documented that someone independent of preparation reviewed the reasonableness of the estimates.

Properly supported cost estimates subjected to independent review reduces the risk of providing inaccurate and incomplete information upon which stakeholders may base decisions.

Chapter 34

Saskatchewan Apprenticeship and Trade Certification Commission – Enabling Apprentices to Achieve Certification

1.0 MAIN POINTS

By January 2019, the Saskatchewan Apprenticeship and Trade Certification Commission strengthened its processes to enable apprentices to achieve certification.

The Commission implemented a formal policy for industry inspections and progressed on documenting that employers receive an industry inspection as required. Not consistently documenting inspections as required increases the risk of the Commission not detecting employers who are not following the rules. In addition, apprentices may not receive appropriate supervision and on-the-job training.

2.0 INTRODUCTION

2.1 Background

Skilled workers are important to the Saskatchewan economy. New apprentices entering the various trades assists in the growth and sustainability of the trades, and in turn supports economic activity. Apprenticeship is an agreement between a person who wants to learn a trade (an apprentice) and an employer who needs a skilled worker. It typically takes an apprentice between four and six years to complete a program and achieve certification.

The Commission is responsible for developing and executing a relevant, accessible, and responsive apprenticeship training and certification program in Saskatchewan.

Saskatchewan has over 60 designated trades and sub-trades in four sectors—agriculture, tourism & service; construction; motive repair; and production and maintenance. Apprentices registered in carpentry, electrical, and plumbing trades represent about 45% of apprentices registered in Saskatchewan’s apprenticeship and training certification program.¹ At January 2019, the Commission had about 904 registered carpenter apprentices, 1,380 registered electrician apprentices, and 704 registered plumbing apprentices. It also had about 860 employers in compulsory and regulated trades. Compulsory trades include electrician, plumber, sheet metal worker, sprinkler fitter, and refrigeration and air conditioner mechanic.² Hairstylist is the only regulated trade in Saskatchewan.

¹ Saskatchewan Apprenticeship and Trade Certification Commission, *2017-18 Annual Report*, p. 40-41.

² *The Apprenticeship and Trade Certification Regulations, 2003*, s. 26.



2.2 Focus of Follow-Up Audit

Our *2014 Report – Volume 1*, Chapter 11 concluded that Saskatchewan Apprenticeship and Trade Certification Commission had effective processes to enable apprentices to achieve Interprovincial Standards Red Seal Certifications to meet market demand, except for areas related to the eight recommendations we made. The Commission had implemented six of the eight recommendations by February 29, 2016.³

This chapter describes our second follow-up of the Commission's actions on the two remaining recommendations we first made in 2014.

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's management agreed with the criteria in the original audit.

To perform this follow-up audit, we discussed actions taken with management, reviewed relevant documentation, and tested certain procedures where 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 January 31, 2019, and the Commission's actions up to that date.

3.1 Policy on Industry Inspections Formalized

We recommended that the Saskatchewan Apprenticeship and Trade Certification Commission implement a formal policy for industry inspections that requires the use of a risk assessment to decide which employers to inspect and how often. (2014 Report – Volume 1, p. 88, Recommendation 4; Public Accounts Committee agreement December 3, 2014)

Status – Implemented

The Commission formalized its policy on industry inspections in May 2016.

The policy requires inspection of employers in compulsory and regulated trades every two years, and inspection of all other employers every three years. The Commission has assessed employers in compulsory and regulated trades as higher risk because of regulatory requirements for these trades (e.g., required apprentice to journeyman ratio).

Having a formalized policy helps ensure staff understand which employers should be inspected and how often.

³ Our *2016 Report – Volume 1*, Chapter 30 reports the progress the Commission had made.

3.2 Industry Inspections Not Completed as Required

We recommended that the Saskatchewan Apprenticeship and Trade Certification Commission verify and document that employers receive an industry inspection as required. (2014 Report – Volume 1, p. 89, Recommendation 5; Public Accounts Committee agreement December 3, 2014)

Status – Partially Implemented

The Commission is not consistently documenting that it is inspecting employers in compulsory trades as often as its policy requires.

For the 30 employers we examined, we found that two employers in compulsory trades had not received an industry inspection in the past two years as required by the Commission's policy. The Commission had last inspected one employer in March 2015 and the other employer in September 2016. The Commission told us that for one instance, staff vacancies had delayed the inspection. For the other instance, the Commission found it had not properly documented the inspection.

Not consistently documenting inspections of employers in compulsory trades as required increases the risk of the Commission not detecting employers who are not following the rules. In addition, apprentices may not be receiving appropriate supervision and on-the-job training.

Chapter 35

Saskatchewan Health Authority – Providing Timely and Appropriate Home-Care Services in the City of Prince Albert and Surrounding Area

1.0 MAIN POINTS

By February 2019, the Saskatchewan Health Authority had improved its processes to provide timely and appropriate home-care services in Prince Albert and surrounding area. The Authority implemented the three remaining recommendations first made in 2014.

The Authority improved its compliance with established policies and procedures for completing required needs assessments. Completing each of the required needs assessments help ensure clients receive all the required services, and reduce the risk of injury to clients and staff.

It also began conducting monthly audits to monitor compliance with its needs assessment policy. Tracking compliance rates helps the Authority monitor the work done, and focus its efforts on communities and areas where improvements are needed.

The Authority formed a Home Care Approval Committee for Prince Albert home care. The Committee reviews and approves all clients' home-care plans. Staff work schedules align with the approved home-care plans. Consistent review and approval of home-care plans confirms the appropriateness of assessed needs for home-care services. Having schedules that align with approved home-care plans helps ensure clients receive the services based on their assessed needs.

2.0 INTRODUCTION

2.1 Background

Home-care services are an integral component of a health care system because the services enable individuals with health needs to live independently in their own homes. These services help relieve pressures placed on other parts of the healthcare system such as the need for acute and long-term care.¹

Under *The Provincial Health Authority Act*, the Saskatchewan Health Authority is responsible for the planning, organization, delivery and evaluation of health services. This includes delivering home-care services to people with healthcare needs. Home-care services include health care and support services to help people maintain independence and well-being in the community.

¹ www.cha.ca/wpcontent/uploads/2012/11/Home_Care_in_Canada_From_the_Margins_to_the_Mainstream_web.pdf (01 April 2019).



The Authority provides various home-care services in the City of Prince Albert and surrounding area through one regional, three rural, and four sub offices.² It uses almost 200 staff to deliver services in this area as well as volunteers.

The Ministry of Health has established the *Saskatchewan Ministry of Health Home Care Policy Manual*. It includes policies and guidelines that the Authority must follow for providing home-care services.

2.2 Focus of Follow-Up Audit

This chapter describes our second follow-up of management's actions on three remaining recommendations we first made in 2014 about processes to provide timely and appropriate home-care services in the city of Prince Albert and surrounding area.

Our *2014 Report – Volume 2*, Chapter 36 concluded that for the period of August 1, 2013 to July 31, 2014, the former Prince Albert Parkland Regional Health Authority had effective processes to provide timely and appropriate home-care services except in a few identified areas. We made twelve recommendations. By October 2016, the Prince Albert Parkland Regional Health Authority had implemented nine of 12 recommendations.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 Saskatchewan Health Authority's progress towards meeting our recommendations, we used the relevant criteria from the original audit. Prince Albert Parkland 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 sampled 30 home-care client files.

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 February 28, 2019, and the Authority's actions up to that date.

3.1 Needs Assessments Completed

We recommended that Prince Albert Parkland Regional Health Authority follow its established policies and procedures and complete the needs assessments as required for home-care services. (*2014 Report – Volume 2*, p. 264, Recommendation 4; Public Accounts Committee agreement September 17, 2015)

Status – Implemented

² The regional home-care office is located in Prince Albert. The rural home-care offices are located in Hafford, Shellbrook, and Spiritwood. The sub home-care offices are located in Big River, Blaine Lake, Debden, and Leask.

³ See our *2016 Report – Volume 2*, Chapter 42 (pp. 279-287).

The Authority completed the needs assessments for home-care services provided in the City of Prince Albert and surrounding area consistent with its established policies and procedures.

The Authority uses a variety of assessment tools to assess home-care service needs and staff safety.

In 2017, the Authority revised its policy. The revised policy requires staff to complete the following assessments for each client:

- In-home safety assessment: a checklist used to identify safety issues in the client's environment, which may cause the client or home-care provider to be at risk (e.g., a dangerous dog on site).
- Falls risk screen: This assesses the client's risk of falling. It identifies possible interventions for each risk factor to prevent future falls or to reduce injury from a future fall.
- Client mobility/transfers, lifts and repositioning assessment: This determines the appropriate means of safely moving—transferring, lifting, and repositioning (TLR)—the client.
- Medication risk assessment: This screening tool determines whether the client is at high risk for medication errors. It helps determine whether or not the client requires assistance managing their medication to safely follow their medication regime.
- Suicide risk assessment: This screening tool is used for appraising the underlying factors that indicate suicide risk (warning signs and risk factors).

In April 2018, the Authority began conducting monthly audits to monitor compliance with its established policies and procedures for three of its needs assessments—in-home safety assessments, falls risk screens, and suicide risk assessments. It tracks the compliance rates by community (i.e., Prince Albert, Spiritwood, Shellbrook/Hafford).

The Authority's audits identified the following average compliance rates:

- In-home safety assessments: 93% compliant
- Falls risk screens: 75% compliant
- Suicide risk assessments: 85% compliant

As shown in **Figure 1**, the Authority's results were relatively similar to our test of 30 files. Also, since our 2016 audit, the Authority improved its compliance with its established policies and procedures for completing required needs assessments. Our testing of 30 home-care files found the Authority completed each required assessment at least 83% of the time.

**Figure 1 – Audit-Determined Compliance Rates of Completing Required Needs Assessments**

Need Assessment	Compliance Rates		
	2016 ^A	2019 ^B	Trend
In-home safety assessment	100%	93%	Slight decrease
Falls risk screen	57%	83%	Significant increase
TLR mobility assessment	71%	87%	Moderate increase
Medication risk assessment	86%	100%	Moderate increase
Suicide risk assessment	N/A – not required	93%	Significant increase as it was not required in 2016

Source: Developed by Provincial Auditor Saskatchewan based on home-care files sampled.

^A Compliance rates were reported in our *2016 Report – Volume 2*, Chapter 42 (pp. 281-282).

^B Compliance rates based on a sample of 30 home-care files.

Tracking compliance rates helps the Authority monitor the work done, and focus its efforts on communities and areas, where improvements are needed. Completing each of the required needs assessments help ensure clients receive all the required services, and reduce the risk of injury to clients and staff.

3.2 Home-Care Plans Reviewed and Approved

We recommended that Prince Albert Parkland Regional Health Authority require the review and approval by a supervisor of home-care plans.

(2014 Report – Volume 2, p. 265, Recommendation 5; Public Accounts Committee agreement September 17, 2015)

Status – Implemented

We recommended that Prince Albert Parkland Regional Health Authority prepare and approve work schedules consistent with home-care plans.

(2014 Report – Volume 2, p. 265, Recommendation 6; Public Accounts Committee agreement September 17, 2015)

Status – Implemented

The Authority, for home-care services delivered in the City of Prince Albert and surrounding area, reviewed and approved clients' home-care plans, and prepared work schedules that aligned with those home-care plans.

In February 2018, the Authority formed a Home Care Approval Committee for Prince Albert home-care. This Committee meets daily and is responsible for reviewing and approving home-care plans. During the review, it completes an approval record that sets out:

- The client name and assessor
- Urgency priority rating (e.g., priority rating 1 indicates client service delay may result in hospitalization or delayed hospital discharge)

- Complexity of case (e.g., complex indicates one or more services are needed because there are issues such as a lack of a reliable support system)
- Services approved and the start date
- The scheduler assigned

Schedulers prepare work schedules after the Committee approves the home-care plan. If the scheduler identifies that the schedule will not work, the scheduler resubmits it to the assessor and the Committee for further review and adjustments.

For each of the nine client files we tested, the Committee reviewed and approved the home-care plans as required. It also completed the approval record as required. We also found the work schedules for each aligned with the approved home-care plans.

Consistent review and approval of home-care plans confirms the appropriateness of assessed needs for home-care services. Having schedules that align with approved home-care plans helps ensure clients receive the services based on their assessed needs.

Chapter 36

Saskatchewan Liquor and Gaming Authority – Regulating Commercial Permittees’ On-Table Sale of Liquor

1.0 MAIN POINTS

By February 2019, the Saskatchewan Liquor and Gaming Authority improved its processes to regulate commercial permittees’ on-table sale of liquor by:

- Updating its risk-based inspection plan
- Formalizing timelines for completing inspections and investigations
- Consistently documenting sanction decisions
- Notifying retail liquor stores about suspended special licences as required by legislation

However, further work remains. The Authority needs to complete planned inspections within established timeframes. In addition, it needs to monitor and report key trends of permittee non-compliance with requirements to help ensure it is focusing its inspection efforts in the right areas.

Effective regulation of commercial permittees’ on-table sale of liquor helps minimize public health and safety risks associated with the service and consumption of liquor, while maintaining a fair regulatory system for permittees.

2.0 INTRODUCTION

2.1 Background

The Authority is responsible for regulating and controlling the possession, sale, and delivery of beverage alcohol (liquor) in Saskatchewan by any person.¹ It regulates commercial permittees’ (e.g., restaurants, taverns) on-table sale of liquor to the public by issuing permits, inspecting permitted establishments, enforcing permit requirements, and educating permittees.²

The Authority’s Regulatory Services Division is responsible for permitting and monitoring commercial permittees. It works with various law enforcement agencies (e.g., Regina Police Service) to enforce its terms and conditions and the related laws. At February 2019, over 20 staff (including 9 inspectors) carried out the Division’s responsibilities.

¹ *The Alcohol and Gaming Regulation Act, 1997*, s. 12(c).

² On-table sale is liquor sold in open containers (e.g., glasses, open bottles) for consumption at permitted establishments.



At February 2019, the Authority had issued over 2,000 commercial permits related to the on-table sale of liquor. It had issued, on average, 45 liquor sanctions in each of the past five years.

2.2 Focus of Follow-Up Audit

This chapter describes our first follow-up audit of management's actions on the recommendations we made in 2017. In our *2017 Report – Volume 1*, Chapter 11, we concluded that the Authority had, other than matters reflected in our six recommendations, effective processes to regulate the on-table sale of liquor by commercial permittees to the public.

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 toward 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 audit examination, we interviewed the Authority's management. We examined documentation related to liquor inspections such as policies and procedures, inspection reports, sanction letters, risk assessments, and activity 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 February 28, 2019, and the Authority's actions up to that date.

3.1 Inspection Plan Based on Risk, but Inspections Not Completed as Expected

We recommended that Saskatchewan Liquor and Gaming Authority implement an updated plan for inspecting commercial permittees who sell liquor for consumption at permitted establishments that incorporates all key risk factors related to non-compliance. (2017 Report – Volume 1, p. 152, Recommendation 1; Public Accounts Committee agreement June 13, 2018)

Status – Implemented

We recommended that Saskatchewan Liquor and Gaming Authority monitor that its staff complete, when planned, inspections of permitted establishments that sell liquor for on-premise consumption, and obtain reasons for delayed inspections. (2017 Report – Volume 1, p. 153, Recommendation 3; Public Accounts Committee agreement June 13, 2018)

Status – Partially Implemented

The Authority used key risk factors to determine when to inspect commercial permittees who sell liquor for consumption, but did not complete inspections as planned.

In 2018-19, the Authority assessed the risk of non-compliance for all commercial permittees who sell liquor for consumption. Its risk assessments considered factors such as permit type, location, facility capacity, sanction history, and amount of time since the last inspection.

The Authority planned to inspect permittees assessed as: high risk on a quarterly basis, medium risk on an annual basis, and low risk randomly over about a seven-year period. In general, it expected to do about 1,000 inspections each year.

At February 2019, the Authority had not inspected about one-half of the high and medium risk permittees as often as it planned. The Authority did not expect to complete almost half of its 2018-19 planned inspections of permittees assessed as high and medium risk.

During 2018-19, the Authority did not actively monitor whether staff completed inspections as planned. It did not periodically compare the number of planned to completed inspections (overall, or by assessed risk level).

Rather, managers reviewed, after each inspection, individual inspection reports prepared by inspectors. In addition, they received monthly reports from each inspector listing activities completed, including permittees inspected.

Managers submitted monthly summaries of the activities completed to the Director each month. These summaries included reasons for changes in month-to-month inspection levels (e.g., staff turnover, sick leave, vacation).

For each of the 14 monthly reports we tested, we found the information in each report was accurate.

However, neither the monthly reports from inspectors nor monthly summaries highlighted that the Authority had completed less inspections than planned, or explained why. Management advised us delays resulted from changes in its operations (such as starting to inspect liquor retail stores and manufacturers), implementation of its new risk process for planning inspections, and turnover of staff. It also noted it planned to use lessons learned from 2018-19 inspections to refine its risk assessment process so that it better focuses its inspection resources.

Inspections serve multiple purposes. They can serve as a deterrent, and an enforcement tool. They can also provide an opportunity for education and reinforcement of good practices.

Not actively monitoring that inspections occur when planned increases the risk of not detecting significant violations. It can also reduce opportunities to educate high-risk permittees about complying with liquor laws and permit terms and conditions. Unidentified violations could lead to increased risk to public safety (e.g., establishments serving alcohol to minors or overserving individuals).



3.2 Inspection Deadlines Established but Not Consistently Met

We recommended that Saskatchewan Liquor and Gaming Authority formalize expected timeframes for completing liquor inspections and investigations and communicating sanctions to permittees who sell liquor for consumption at permitted establishments. (2017 Report – Volume 1, p. 153, Recommendation 2; Public Accounts Committee agreement June 13, 2018)

Status – Partially Implemented

The Authority documented when it expected inspectors to complete liquor inspections and investigations, and communicate sanctions to permittees, but it did not consistently meet these expectations.³

In July 2017, the Authority updated its *Liquor Inspection Services Policy Manual* to set expected timeframes for completing liquor inspections and investigations, and for communicating sanctions to permittees. It expects inspectors to prepare an inspection report within 10 days of completing an inspection and an investigation report within 45 days of starting an investigation. If inspectors required additional time, they could document the reason for the delay and ask management to approve an extension. For inspections, the Authority expects to notify permittees of sanctions within 60 days of the offence.

The Authority expected to conduct about 1,000 inspections and about 100 investigations each year. It issues about 45 sanctions each year.

For 3 of 15 inspections we tested, inspectors prepared inspection reports between three and eight days late. For each of these, inspectors did not document the reasons for the delays and obtain approval to extend the time to complete the inspections.

For the investigation we tested, inspectors completed the investigation on time. The Authority communicated the sanction to the permittee on time for all four sanctions we tested.

Untimely completion of inspections increases the risk that the Authority applies its regulatory process in an inconsistent and unfair way.

³ Investigations occur upon receipt of direct or indirect information (e.g., from the public or police agencies) to determine if a permittee is in non-compliance with legislation, policy, or permit terms and conditions. Investigations are different than inspections that SLGA uses to routinely monitor permittees are complying with legislation, policy, and permit terms and conditions.

3.3 Sanction Decisions Documented

We recommended that Saskatchewan Liquor and Gaming Authority consistently document the basis for its decisions on sanctions for non-compliance with requirements for selling liquor for consumption in permitted establishments where those decisions differ from its recommended sanctions. (2017 Report – Volume 1, p. 157, Recommendation 4; Public Accounts Committee agreement June 13, 2018)

Status – Implemented

Since July 2017, the Authority's updated *Liquor Inspection Services Policy Manual* requires staff to document the reasons when they recommend a sanction that varies from established sanction guidance.

The Authority uses templates to create consistent documentation of reasons not to issue a sanction consistent with established sanction guidance (e.g., higher or lower sanctions). The Vice President of Regulatory Services is to review and approve these decisions.

For each of four sanctions we examined, the Authority either followed the sanction guidance, or documented the reasons for recommended sanctions that varied from guidance. The Vice President of Regulatory Services appropriately approved each of those decisions.

Documenting the basis for sanctions that vary from established guidance helps ensure the Authority treats commercial permittees consistently and fairly.

3.4 Need to Analyze Trends of Non-Compliance

We recommended that Saskatchewan Liquor and Gaming Authority analyze and report on key trends of non-compliance with requirements for selling liquor for consumption in permitted establishments. (2017 Report – Volume 1, p. 158, Recommendation 5; Public Accounts Committee agreement June 13, 2018)

Status – Not Implemented

The Authority had not analyzed and reported on key trends of non-compliance with requirements for selling liquor for consumption in permitted establishments.

During 2018-19, the Authority began to gather some data that it can use to analyze trends. For example, it had statistics about the number of permittees, inspections, and sanctions issued. Management advised us that it did not yet have sufficient data for meaningful analysis of key trends. It expects to have sufficient data to start analyzing and reporting on trends during 2019-20.

Without analysis of key trends, the Authority may not know whether its liquor regulatory processes work, it applies its regulatory processes fairly and consistently, or commercial permittee compliance is getting better or worse.



3.5 Retail Liquor Stores Notified of Suspensions

We recommended that Saskatchewan Liquor and Gaming Authority notify all retail liquor stores about suspended and reinstated special licences as required by The Liquor Consumption Tax Act. (2017 Report – Volume 1, p. 159, Recommendation 6; Public Accounts Committee agreement June 13, 2018)

Status – Implemented

The Authority used its computer system to automatically notify all retail liquor stores about suspended and reinstated special licences.

As part of its permitting process, the Authority communicated to retail liquor stores that they cannot sell liquor to a commercial permittee with a suspended licence. Since April 2017, the Authority has provided retail stores access to an ongoing list of commercial permittees with suspensions that retail stores can access via the Authority's website.

Promptly notifying all retail liquor stores about suspensions of special licences helps ensure liquor consumption taxes are properly remitted after collection.

Chapter 37

SaskPower—Inspecting Gas and Electrical Installations

1.0 MAIN POINTS

By September 2018, SaskPower implemented the last outstanding recommendation from our 2011 audit of SaskPower's processes for inspecting gas and electrical installations.

SaskPower inspectors are consistently documenting appropriate rationale for not inspecting high-risk installations, and managers are approving the rationale. In February 2018, SaskPower implemented a new IT system that requires inspectors to document rationale, and managers to review and approve it.

Having effective processes to make sure gas or electrical equipment are properly installed reduces safety risks to the Saskatchewan public.

In December 2018, the Government announced its intention to transfer gas and electrical inspection activity from SaskPower to the Technical Safety Authority of Saskatchewan.¹

2.0 INTRODUCTION

2.1 Background

Under *The Power Corporation Act*, SaskPower is responsible for inspecting apparatus and equipment related to the use of electrical energy and natural or manufacture gas. It is also responsible for administering and enforcing *The Gas Inspections Act, 1993*, and *The Electrical Inspections Act, 1993*.

By law, contractors or homeowners installing electrical or gas equipment on commercial or residential property must purchase a permit from SaskPower before the work begins. As shown in **Figure 1**, SaskPower issues about 150,000 gas and electrical permits annually.

Figure 1—Number of Gas and Electrical Permits Issued and Inspected

Number of Permits By Type	January – December 2016	January – December 2017	January – September 2018	Total
Gas permits issued	55,330	56,780	35,802	147,912
Gas permits inspected	48,320	62,312	33,204	142,836
% of Gas permits inspected	79%	109%	93%	97%

¹ www.saskatchewan.ca/government/news-and-media/2018/december/13/tsask (28 March 2019).



Number of Permits By Type	January – December 2016	January – December 2017	January – September 2018	Total
Electrical permits issued	93,932	94,610	64,909	253,451
Electrical permits inspected	52,876	50,271	32,817	135,964
% of Electrical permits inspected	56%	53%	51%	54%

Source: SaskPower's Gas and Electrical Information System.

SaskPower uses permits to authorize the installation. Inspectors decide which permits to inspect based on risk (e.g., past compliance of the contractor who did the installation, the gas and electrical inspection system calculated risk score, and inspector professional judgement). SaskPower clears (i.e., deactivates) permits after it is satisfied with an installation or a decision to not inspect.

2.2 Focus of Follow-Up Audit

This chapter is our third follow-up of recommendations made in our *2011 Report – Volume 2*, Chapter 22 about SaskPower's processes to inspect gas and electrical installations.

Our *2011 Report – Volume 2*, Chapter 22 reported that SaskPower had, other than areas reflected in seven recommendations, effective processes for inspections of gas and electrical installations.² By March 2014, SaskPower had implemented five of the seven recommendations.³ By March 2017, SaskPower had implemented one of the two remaining recommendations.⁴ This chapter describes SaskPower's progress on implementing the remaining recommendation.

To conduct this audit engagement, we followed the standards for assurance engagements published in the *CPA Canada Handbook – Assurance* (including CSAE 3001). To evaluate SaskPower's progress towards meeting our recommendation, we used the relevant criteria from the original audit. SaskPower's management agreed with the criteria in the original audit. To conduct our follow-up audit, we interviewed staff at SaskPower, reviewed rationale for all high-risk permits that were not inspected, and tested a sample of high-risk permits to verify that management approved rationale for not inspecting.

3.0 STATUS OF RECOMMENDATION

This section sets out the recommendation including the date on which the Standing Committee on Crown and Central Agencies agreed to the recommendation, the status of the recommendation at September 30, 2018, and SaskPower's actions up to that date.

² The original report regarding these recommendations can be found at www.auditor.sk.ca/publications/public-reports. We reported the original audit work in *2011 Report – Volume 2*, Chapter 22, (pp. 423-439).

³ In *2014 Report – Volume 1*, Chapter 28, (pp. 201-205).

⁴ In *2017 Report – Volume 1*, Chapter 31, (pp. 275-276).

3.1 Rationale and Review Consistently Documented

We recommended that SaskPower require management to review inspectors' rationale for not inspecting gas and electrical permits for high-risk installations. (2011 Report – Volume 2, p. 431; Recommendation 4, Crown and Central Agencies Committee agreement March 12, 2014)

Status – Implemented

In February 2018, SaskPower implemented a new gas and electrical information system. The IT system automatically requires inspectors to document, and managers to approve, rationale for not inspecting high-risk installations before SaskPower clears a permit.

We found those automated controls in the new IT system functioned as expected.

From February 26, 2018 to September 17, 2018, SaskPower cleared 318 high-risk electrical permits and 1,873 high-risk gas permits without inspection.

We found inspectors documented their rationale (e.g., simple installation, known contractor, unable to gain access) for all high-risk permits cleared without inspection. For each of the 15 high-risk permits cleared without inspection that we tested, management appropriately approved inspectors' rationale.

Chapter 38

SaskTel—Purchasing Fibre Optic Network Upgrade and Other Network Hardware

1.0 MAIN POINTS

SaskTel improved its processes to purchase goods and services related to its fibre optic network upgrade and other network hardware.

By January 2019, SaskTel had implemented the four recommendations from our 2017 audit. SaskTel improved processes for resolving supplier performance issues, and using supplier feedback. SaskTel also revised forms so that it logged the names of staff involved in evaluating purchase proposals. In addition, it revised its process to properly authorize successive purchases of materials where amounts exceed initial approval thresholds.

Having strong processes to buy goods and services decreases the risk SaskTel may not be transparent, fair, and achieve best value.

2.0 INTRODUCTION

2.1 Background

SaskTel and its wholly-owned subsidiaries offer a wide range of information and communications technology products and services including competitive voice, data and internet services; wireless data services; maxTV services; data centre services; cloud-based services; security monitoring services; advertising services; and international software and consulting services.¹

The Saskatchewan Telecommunications Act (s. 9) outlines the purpose of SaskTel, which includes the construction, maintenance and operation of a telecommunication system.

In 2018-19, SaskTel purchased approximately \$103 million of equipment and related services for its fibre optic network upgrade and other network hardware.

2.2 Focus of Follow-Up Audit

This is our first follow-up audit of recommendations we made in our 2017 audit of SaskTel's processes to purchase goods and services related to its fibre optic network upgrade and other network hardware.

Our *2017 Report – Volume 1*, Chapter 13 concluded that for the 12-month period ended December 31, 2016, SaskTel had, except in the areas of our four recommendations, effective processes to purchase goods and services related to the fibre optic network upgrade and other network hardware.

¹ www.sasktel.com/about-us/company-info/company-information (13 February 2019).



To conduct this audit, we followed the standards for assurance engagements published in the *CPA Canada Handbook – Assurance* (CSAE 3001). To evaluate SaskTel's progress towards meeting our recommendations, we used the relevant criteria from the original audit. SaskTel's management agreed with the criteria in the original audit.

To perform this follow-up audit, we reviewed policies, and tested a sample of tenders and purchase orders for stocked materials related to the fibre optic network upgrade and other network hardware. We examined SaskTel's processes to track supplier feedback. We also interviewed SaskTel staff responsible for purchasing goods and services.

3.0 STATUS OF RECOMMENDATIONS

This section sets out each recommendation including the date on which the Standing Committee on Crown and Central Agencies agreed to the recommendation, the status of the recommendation at January 29, 2019, and SaskTel's actions up to that date.

3.1 Processes to Resolve Supplier Performance Issues Established

We recommended that SaskTel provide written guidance for resolving supplier performance issues. (2017 Report – Volume 1, p. 186, Recommendation 1; Crown and Central Agencies Committee agreement June 20, 2018)

Status – Implemented

SaskTel provided staff with written guidance for resolving supplier performance issues.

SaskTel updated its procurement policy in February 2018 to include a section about how to resolve contract performance issues and disputes. SaskTel communicated the new guidance to staff through its intranet and emails to staff. SaskTel also incorporated the change to the procurement policy into training it provides quarterly to staff.

For the only significant contract performance issue SaskTel identified since our 2017 audit, we reviewed evidence that SaskTel followed its written guidance for resolving supplier performance issues.

Having written guidance for resolving supplier issues decreases the risk of staff not treating suppliers consistently. It can also facilitate consistent communication to suppliers about performance problems and implications of providing SaskTel with poor performance.

We recommended that SaskTel track supplier feedback to inform purchasing process improvements. (2017 Report – Volume 1, p. 191, Recommendation 4; Crown and Central Agencies Committee agreement June 20, 2018)

Status – Implemented

SaskTel tracks supplier feedback to inform purchasing process improvements.

In May 2017, SaskTel created a supplier feedback spreadsheet where procurement managers document their debrief sessions with suppliers. We found that procurement managers document sufficient information. They document the date of the debrief, the individuals involved, the feedback provided to the supplier, and the feedback from the supplier on the procurement process. SaskTel reviews the spreadsheet monthly, and makes improvements to the procurement process, as needed.

Documenting the feedback from suppliers provides SaskTel with more information to improve its best-value purchase decisions, and improves its purchasing process.

3.2 Names of Staff Evaluating Proposals Documented

We recommended that SaskTel, for each competitive purchase, log the names of staff evaluating proposals from potential suppliers. (2017 Report – Volume 1, p. 190, Recommendation 2; Crown and Central Agencies Committee agreement June 20, 2018)

Status – Implemented

SaskTel revised its competitive purchase evaluation templates, and supplier comparison forms to include a section for documenting the names of individuals involved in evaluating bids to tenders, and selecting the successful supplier.

SaskTel communicated to its staff about how to use the new forms effective May 31, 2017.

For the two competitive purchases we tested, we found that SaskTel logged the names of staff evaluating proposals from potential suppliers.

SaskTel also completed its own review of competitive purchase documentation between June 2017 and August 2018. It followed up on any items where SaskTel did not log the names of staff evaluating proposals as expected. It plans to continue reviewing competitive purchase documentation every six months to confirm staff consistently document this information.

Documenting the names of staff involved in the evaluations decreases the risk of a perceived bias or conflict of interest. Also, it provides a clear record of who made the supplier selection.

3.3 Approval of Purchase Changes for Materials Implemented

We recommended that SaskTel implement a process to obtain appropriate level of approval when expected dollar values of purchases of materials increase after initial approval. (2017 Report – Volume 1, p. 190, Recommendation 3; Crown and Central Agencies Committee agreement June 20, 2018)

Status – Implemented



In April 2018, SaskTel implemented a process to obtain appropriate approval when expected dollar values of purchases of materials increase after initial approval of the purchase.

SaskTel expects staff to check if there is an appropriate level of approval in place before approving purchase orders for standard materials greater than \$50,000.² If not, staff must obtain an appropriate level of authority to approve a new agreement with the supplier before approving the purchase order. If it is an urgent purchase, the appropriate staff member must sign the purchase order authorizing the higher dollar purchase, instead of signing a new agreement.

For each of five purchases with amounts above \$50,000 we tested, SaskTel obtained appropriate approval that coincided with the expected dollar value of the purchase.

SaskTel also completed its own review of transactions between May and October 2018. Where it identified non-compliance with its authorization policy, it followed up with specific staff to reinforce the importance of following the authorization policy. SaskTel plans to continue checking, each quarter, whether staff obtain appropriate approval for purchases.

Considering the appropriateness of approval obtained for increases in purchases of materials before approving the purchase can decrease the risk of inappropriate purchases and non-compliance with SaskTel's authorization policy.

² Standard materials are items stocked in SaskTel's warehouses.

Chapter 39

Social Services—Placing Minister’s Wards in Permanent Homes

1.0 MAIN POINTS

The Ministry of Social Services has services designed to plan for the long-term development of permanent and long-term wards under *The Child and Family Services Act* and to assist families in adopting children under *The Adoption Act, 1998*.

This third follow-up audit reports that the Ministry of Social Services implemented two of the three recommendations remaining from our 2013 audit of the Ministry’s processes to place Minister’s wards in permanent homes.

By December 2018, the Ministry collected and analyzed information to enable it to determine the effectiveness of its services for permanent and long-term wards in its care. In addition, it set a target to register at least 85% of eligible permanent wards on the adoption registry within 120 days of becoming a ward. However, as of December 2018, the Ministry had not met this target. Delays in placing children on the adoption registry could negatively affect the likelihood that children find an adoptive home.

2.0 INTRODUCTION

2.1 Background

Under *The Child and Family Services Act*, the Ministry is required to intervene on a child’s behalf if the child is in need of protection due to physical, sexual, or emotional abuse or neglect. When children have remained in the care of the Ministry for more than 18 months, they may become permanent wards or long-term wards of the Ministry based on court orders.¹

The Ministry is responsible for planning for the long-term development of permanent and long-term wards, including their placement in permanent homes that provide a safe and nurturing environment. On December 31, 2018, the Ministry had 465 permanent wards and 609 long-term wards in its care.²

Permanent wards may be registered for adoption whereas long-term wards may not be registered for adoption. Permanent homes may include placement with extended families, long-term foster families, or adoptive families. Out of those 465 permanent wards, 183 are ages 12 or older.³ As per policy, children 12 years of age or older must consent to a plan of adoption. Under its policy, the Ministry has 120 days from the date of a permanent court order to complete an ‘Exception to a Plan for Adoption/ Adoption Deregistration’ or place such children on its adoption registry.

¹ Long-term wards are children that are unlikely to be adopted, by reason of the age of the child or other circumstances.

² Information provided by the Ministry of Social Services management.

³ Information provided by the Ministry of Social Services management.



2.2 Focus of Follow-Up Audit

In our *2013 Report – Volume 1*, Chapter 14, we reported on the Ministry’s processes to place the Minister’s wards in permanent homes. We made seven recommendations to help the Ministry strengthen its processes. By March 2015, the Ministry fully addressed four of them.⁴ By February 2017, the Ministry had made progress on implementing the remaining three recommendations; but had not fully implemented them.⁵

This is our third follow-up. 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 toward meeting our recommendations, we used the relevant criteria from the original audit. The Ministry’s management agreed with the criteria in the original audit.

To perform our follow-up audit on our recommendations, we discussed actions taken with management, reviewed relevant documentation (e.g., agreements, trend reports), and examined a sample of files of children whose permanency was established by court order in 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 December 31, 2018, and the Ministry’s actions up to that date.

3.1 Targets Set for Adoption Program but Not Met

We recommended that the Ministry of Social Services develop performance measures and targets relating to the adoption program for its permanent wards. (*2013 Report – Volume 1*, p.170, Recommendation 2; Public Accounts Committee agreement June 17, 2014)

Status – Implemented

The Ministry developed measures and targets for its adoption program.

The Ministry established a target to have 85% of eligible permanent wards registered on the adoption registry within 120 days of the children becoming a permanent ward. 120 days is consistent with its policy that requires a caseworker in consultation with a supervisor to decide within 120 days of a child becoming a permanent ward, whether to place the child on the adoption registry or determine other plans such as the child remaining in long-term foster care.⁶

Since 2014, the Ministry gathered information on its adoption program through quality assurance reviews of individual case files.

⁴ *2015 Report – Volume 1*, Chapter 31.

⁵ *2017 Report – Volume 1*, Chapter 32.

⁶ Long-term foster care is where a child is placed in the custody of the Minister until the child reaches the age of 18.

Having performance measures and targets related to the adoption of permanent wards allows the Ministry to evaluate the effectiveness of its adoption program.

We recommended that the Ministry of Social Services follow its established policy to place those children whose permanency plans includes adoption on the adoption list within 120 days. (2013 Report – Volume 1, p. 173, Recommendation 5; Public Accounts Committee agreement June 17, 2014)

Status – Partially Implemented

The Ministry is not placing a sufficient percentage of children on the adoption registry within 120 days. In 2016-17, the Ministry did not achieve its target of placing 85% of eligible permanent wards on the adoption registry within 120 days of the children becoming a permanent ward.

In 2016-17, the Ministry tested a sample of files to assess if they were meeting its target. The Ministry found it registered 17% of permanent wards for adoption within 120 days.

We tested 10 case files from 2018, and found the Ministry registered three of 10 children for adoption within 120 days. All of the files tested documented reasons for the delay in registering children for adoption (e.g., extended family has come forward and an examination is underway, preparation and approval of the foster families that were going to adopt the child). We found 80% of files tested documented reasons for the delay in registering children for adoption in our last follow-up audit.

Our additional audit work of the children that became permanent wards of the Ministry in 2018 found that:

- 7% were registered on the adoption registry within 120 days (50% in our last follow-up audit)
- 2% were registered on the adoption list, but took greater than 120 days
- 91% were not registered on the adoption list, and have been permanent wards for greater than 120 days

To help register children for adoption in a timelier way, the Ministry has, since 2017:

- Begun prioritizing children under the age of five to be registered
- Hired additional staff who are committed to completing the child registration packages, and helping caseworkers complete assessments of adopting families
- Had supervisors and consultants work with case workers to keep the children's case files up-to-date and explain, in writing, why children were not going to be registered for adoption or why children were registered outside the policy timeframes

Delays in placing children on the adoption registry could negatively affect the likelihood that children find a timely and consistent placement (adoptive home). Placing children on the adoption registry in a timely way increases their chance of being adopted as older children may be less likely to be adopted.



3.2 Service Outcome Information Collected and Analyzed for Permanent Wards

We recommended that the Ministry of Social Services collect and analyze information related to the outcomes of its services to long-term wards and permanent wards in care. (2013 Report – Volume 1, p. 176, Recommendation 6; Public Accounts Committee agreement June 17, 2014)

Status – Implemented

In 2018, the Ministry began collecting and analyzing information for five outcomes about services to long-term and permanent wards in its care. As described in **Figure 1**, these five outcomes assess the following five aspects of services the Ministry provides to long-term and permanent wards: Financial Independence, Permanence, Health and Safety, Successful Youth Transitions, and School Performance.

Figure 1 – Description of Five Long-Term and Permanent Ward Outcomes

These five outcomes assess the following about services to long-term and permanent wards:

- **Financial Independence:** The Ministry strives to support long-term and permanent wards to achieve financial independence in adulthood. It works with the Public Guardian and Trustee to ensure qualifying children and youth are set up with a Registered Disability Saving Plan. Additionally, the Ministry supports former long-term and permanent wards obtain educational or vocational training. On December 31, 2018, the Ministry was supporting 142 former long-term and permanent wards through the extension of supports program.
- **Permanence:** Placement stability is important for all wards. Annually, the Ministry examines a sample of children in care, and determined their number of placement moves. This may also be done on a case by case basis. The Ministry also tracks the number of children placed for the purposes of adoption annually.
- **Health and Safety:** Annually, the Ministry tracks the number of children and youth who have died or been involved in high-impact critical incidents while receiving services from the Ministry or who have received services from the Ministry within the preceding 12 months.

In 2018, two long-term wards died while in the care of the Ministry, and eight long-term wards, one permanent ward, and one youth receiving extension of support services were involved in high-impact critical incidents.
- **Successful Youth Transitions:** For those permanent and long-term wards of the Ministry with physical and mental disabilities, the Ministry offers services through their Child and Family Programs Division while the wards are under the age of 18. When those wards become adults (18 and older), the Ministry offers services through their Community Living Services Division. The two divisions actively work together to identify those wards who may transition from one program to the other in order to ensure they experience a smooth transition of services received from the Ministry.
- **School Performance:** The Ministry receives academic information from the Ministry of Education. Through Memorandum of Understandings and a Minister's Order, the Ministries are able to share information to confirm grade level and school attendance. The Ministry, as the guardian of the child, also gets the same information (e.g., report cards, attendance reports) from the child's school as a parent.

Source: Information provided by the Ministry of Social Services management.

Using outcome-based information allows the Ministry to determine whether its services for children in its care are meeting the children's best interests.

Chapter 40

St. Paul's Roman Catholic Separate School Division No. 20—Promoting Good Student Health and Physical Fitness

1.0 MAIN POINTS

St. Paul's Roman Catholic Separate School Division No. 20 has generally improved its processes to promote good student health and physical fitness.

By February 2019, St. Paul's set clearer expectations for promoting student physical activity, and making school-level decisions about which health and physical fitness initiatives to select. However, principals in schools were not consistently using this guidance. Schools not consistently following guidance increases the risk that the Division will not meet its strategic goal of promoting good student health.

Also, St Paul's established a way to centrally monitor partnerships and community relationships in which individual schools had entered. Furthermore, it was more actively monitoring initiatives used (division-wide and at individual schools) to promote good student health and physical fitness. Active monitoring will help it focus on initiatives that contribute to student health and fitness. Healthier and fit students are better positioned to learn.

2.0 INTRODUCTION

2.1 Background

Research indicates that students who are physically active and properly nourished are better learners.¹ Healthy diets and physical activity are well-established factors that reduce the risk of obesity, heart disease, stroke, cancer, and diabetes.²

Promoting and supporting the healthy growth and development of children and youth is a shared responsibility among family, school, and other agencies. Schools serve as an important access point for nutrition, education, healthy eating practices, and the modeling of healthy lifestyles.³

The Education Act, 1995 states that every school shall make provision for instruction and activities to promote the good health and physical fitness of its pupils.⁴ The Education Sector Strategic Plan includes the following as a statement of strategic intent for students:

¹ Veuglers and Schwartz, *Comprehensive School Health in Canada*, in Canadian Journal of Public Health, *Supportive Environments for Learning: Healthy Eating and Physical Activity within Comprehensive School Health*, July/August 2010, p. s 7.

² Candelas, Armstrong, and Xuereb, *Diet and Physical Activity in Schools: Perspectives from the Implementation of the WHO Global Strategy on Diet, Physical Activity and Health*, in Canadian Journal of Public Health, *Supportive Environments for Learning: Healthy Eating and Physical Activity within Comprehensive School Health*, July/August 2010 p. s 28.

³ Saskatchewan Ministry of Education, *Nourishing Minds—Towards Comprehensive School Community Health: Nutrition Policy Development in Saskatchewan Schools*, (2012), p. 3.

⁴ Section 188 of *The Education Act, 1995*.



“I am ready to learn—I am safe, healthy and hopeful.”⁵ Good student health and physical fitness directly supports this strategic intent.

As one of Saskatchewan’s 27 school divisions, St. Paul’s Roman Catholic Separate School Division No. 20 is responsible for promoting good student health and physical fitness.⁶ With 50 schools and over 19,000 students, the Division is Saskatchewan’s largest Catholic school division and serves the city of Saskatoon and surrounding area.⁷ One of its strategic priorities is “Improving Student Learning and Achievement.” One of its goals is “to commit to increasing the health and fitness of all students by ensuring a culture of student engagement and participation as foundational in our curricular and extra-curricular opportunities for students.”⁸

2.2 Focus of Follow-Up Audit

This chapter describes our follow-up of management’s actions on the recommendations we made in 2015.

In 2015, we assessed St. Paul’s processes to promote good student health and physical fitness. Our *2015 Report – Volume 2*, Chapter 40 concluded that St. Paul’s had, other than in the areas reflected in our five recommendations, effective processes to promote good student health and physical fitness.

To conduct this audit engagement, we followed the standards for assurance engagements published in the *CPA Canada Handbook – Assurance* (CSAE 3001). To evaluate St. Paul’s progress towards meeting our recommendations, we used the relevant criteria from the original audit. St. Paul’s agreed with the criteria in the original audit.

To carry out our audit examination, we interviewed management at St. Paul’s. We conducted observations and interviews of principals at schools. We examined and assessed the Division’s policies, reports and other relevant documentation.

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 February 28, 2019, and St. Paul’s actions up to that date.

⁵ publications.gov.sk.ca/documents/11/100620-ESSP%20Level%201%20Cycle%203%20Matrix%20-%20FINAL.pdf (4 March 2019).

⁶ *The Education Act, 1995* (s.188) specifies that schools are to provide instruction and activities to promote the good health and physical fitness of students.

⁷ St. Paul’s Roman Catholic School Division No. 20, *2017-18 Annual Report*, p. 7. www.gscs.ca/board/Documents/2017-2018_Annual_Report-Ministry_of_Education.pdf (5 March 2019).

⁸ St. Paul’s Roman Catholic School Division No. 20, *Board of Education Priorities and Goals 2016-2020*. www.gscs.ca/board/Pages/PrioritiesGoals.aspx (5 March 2019).

3.1 Expectations for Promoting Student Physical Activity Set

We recommended that St. Paul's Roman Catholic Separate School Division No. 20 set its expectations for promoting student physical activity. (2015 Report – Volume 2, p. 284, Recommendation 1; Public Accounts Committee agreement September 14, 2016)

Status – Implemented

In February 2017, the Division implemented a policy (i.e., administrative procedure) setting out its expectations for promoting student physical activity.

The policy aligns with Ministry of Education guidance entitled *Inspiring Movement – Towards Comprehensive School Community Health: Guidelines for Physical Activity in Saskatchewan* (2010).⁹ This document outlines Ministry expectations on daily physical activity, and inclusion of daily physical activity in all subject areas.

St. Paul's communicated the new policy and expectations to school principals through their bi-monthly forum in January 2017. It makes the policy available to all schools and the public on its website.¹⁰

Having a policy for physical activity that takes into account the needs of all students and includes physical activity strategies and targets for improvement shows the Division's commitment to promoting student physical activity.

3.2 High Schools Not Consistently Following Division Guidance

We recommended that St. Paul's Roman Catholic Separate School Division No. 20 provide principals with criteria to guide their assessment and selection of health and physical fitness initiatives at the school level. (2015 Report – Volume 2, p. 288, Recommendation 3; Public Accounts Committee agreement September 14, 2016)

Status – Partially Implemented

St. Paul's has provided guidance to schools to assist in the assessment and selection of health and physical fitness initiatives; however, its schools are not using it.

The Division gave schools guidance, through related policies, to help schools select initiatives that align with its strategic goal—to commit to increasing the health and fitness of all students by ensuring a culture of student engagement and participation.¹¹

⁹ publications.gov.sk.ca/documents/11/85697-inspiring-movement.pdf (25 April 2019)

¹⁰ www.gscs.ca/about/policies/Pages/default.aspx (3 March 2019).

¹¹ The Division's Strategic Plan is available at www.gscs.ca/board/Pages/PrioritiesGoals.aspx (8 April 2019).



Its Nutrition Policy, which the Division amended in February 2017, includes expectations for schools to serve students healthy food options and promotes water consumption. It also states that vending machines are not to sell regular or diet carbonated soft drinks, milks and water with flavors or sweeteners, sweetened juices, fruit drinks with less than 100% juice, or sports drinks.

Its Physical Education Policy, which came into effect in February 2017, includes expectations to engage students in daily physical activity and to incorporate physical activity into all subject areas.

In addition, the Division uses weekly bulletins to communicate opportunities for schools to engage in various health and physical fitness initiatives. For example, its bulletin for the week of January 10, 2019 included opportunities to register for winter sports programs provided by the City of Saskatoon.

School principals told us that they regularly discuss opportunities with their superintendents to obtain feedback and assist in selecting initiatives for schools. School principals also use the guidance in the partnerships guide to help select initiatives that promote good student health and physical fitness. They recognized that the Division's Nutrition Policy and Physical Activity Policy included considerations to use in making initiative decisions (e.g., making healthy food choices, promoting daily physical activity).

During our visits to two elementary schools and two high schools, we noted that schools offered many opportunities for students to engage in regular physical activity consistent with the Division's Physical Activity policy. Examples included the use of body breaks, intramural activities, recess, open gym times, ping-pong tournaments, and fitness centres.

However, our visit to two high schools found that each high school did not comply with the Nutrition Policy. Vending machines at both high schools contained sports drinks, flavoured water and carbonated drinks. The Division told us that it offers these options to reduce students leaving school during school hours.

Schools not consistently following guidance increases the risk that the Division will not meet its strategic goal of promoting good student health.

3.3 Partnerships and Community Relationships Sufficiently Monitored

We recommended that St. Paul's Roman Catholic Separate School Division No. 20 monitor partnerships and community relationships related to nutrition and physical activity initiatives. (2015 Report – Volume 2, p. 290, Recommendation 4; Public Accounts Committee agreement September 14, 2016)

Status – Implemented

In May 2018, St. Paul's established a policy (i.e., administrative procedure) and a partnership guide to help school staff decide about entering into partnerships and community relationships.

When schools enter into new partnership arrangements, the policy expects them to register this information centrally with the Division.

We found schools reported their partnerships (e.g., Big Brothers/Big Sisters, University of Saskatchewan) to the Division in May 2018 as expected. We also found the Division's Executive Council (e.g., Director of Education, Superintendents) reviewed and discussed the partnership data in November 2018. In addition, the Division reports information on partnerships to the Board annually.

Having complete information about partnerships helps schools avoid working with inappropriate partners, minimizes competition among schools for partners, and increases opportunities to coordinate efforts.

3.4 Performance of Initiatives Monitored and Reported

We recommended that St. Paul's Roman Catholic Separate School Division No. 20 establish a process to track and report to its Board of Education on the performance of its initiatives to promote good student health and physical fitness. (2015 Report – Volume 2, p. 291, Recommendation 5; Public Accounts Committee agreement September 14, 2016)

Status – Intent of Recommendation Met

Consistent with St. Paul's Board new annual reporting requirement, senior management and the Board receive information on key initiatives the Division implemented during the school year. We found they received sufficient information to monitor the Division's initiatives to promote good student health and physical fitness.

Management first presented this report to the Board in March 2018. The report highlights the activities undertaken by the Division during the past year, such as healthy eating initiatives (e.g., learning where food comes from), and implementing a common menu across elementary schools.

Receipt of information about student health and physical fitness initiatives will help the Division determine which schools require revised initiatives or assistance to comply with policy and support student health and physical fitness. It will also help the Division achieve consistent results in promoting student health and fitness across the Division.

3.5 Process to Review and Update Policies Established

We recommended that St. Paul's Roman Catholic Separate School Division No. 20 establish a process to review and update policies on a regular basis. (2015 Report – Volume 2, p. 285, Recommendation 2; Public Accounts Committee agreement September 14, 2016)

Status – Implemented



In March 2017, St. Paul's established a policy requiring that the Division renew its administrative procedures every five years. The Division has assigned responsibility for certain administrative procedures to members of its Executive Council (e.g., Superintendents). Members are to update one-fifth of their policies each year. The Division updated its policies related to promoting good student health and physical fitness in February 2017.

Having a well-defined process to review policies periodically helps keep policies current and relevant.

Chapter 41

Technical Safety Authority of Saskatchewan – Inspecting Elevating Devices

1.0 MAIN POINTS

By February 2019, the Technical Safety Authority of Saskatchewan (TSASK) made progress in improving its processes to inspect elevating devices. It improved its processes by keeping accurate and complete inspection records, and consistently documenting its communication of inspection deficiencies with elevating device owners. It also consistently monitored whether device owners resolved deficiencies within an acceptable timeframe.

TSASK was actively working on developing a risk-informed strategy for prioritizing inspections using a three-phased approach. It expected to finalize its strategy in 2020.

TSASK was not consistently following its procedures for handling complaints. In addition, it and the Ministry of Government Relations had not yet defined the expected frequency for inspecting elevating devices to enable reporting of overdue inspections.

Effective regulation of elevating devices helps prevent device malfunction and keeps the public safe.

2.0 INTRODUCTION

TSASK administers Saskatchewan's safety programs for boilers, pressure vessels, elevating devices, and amusement rides on behalf of the Ministry of Government Relations under the Safety Standards Agreement.¹ It specifically administers and enforces *The Boiler and Pressure Vessel Act*, *The Passenger and Freight Elevator Act*, *The Amusement Ride Safety Act*, and related regulations.

In 2016, we assessed TSASK's processes for inspecting elevating devices. Our *2017 Report – Volume 1*, Chapter 14 concluded that for the 12-month period ended November 30, 2016, TSASK had, except in the areas of our seven recommendations, effective processes to inspect elevating devices.

Elevating devices refer to any apparatus, appliance, or device used for lifting or lowering persons or material from one permanent level, floor, or landing to another.² Regular and proper inspections are a key component of effective regulation. In addition, strong inspection processes encourage device owners to maintain elevating devices within industry standards, and reduce the risk that equipment deficiencies go undetected and unaddressed.

¹ The Technical Safety Authority of Saskatchewan is a not-for-profit organization established under *The Technical Safety Authority of Saskatchewan Act*.

² *The Passenger and Freight Elevator Act*, Section 2(d).



This chapter describes our follow-up of management's actions on the recommendations we made in 2016. To conduct this audit engagement, we followed the standards for assurance engagements published in the *CPA Canada Handbook – Assurance* (CSAE 3001). To evaluate TSASK's progress towards meeting our recommendations, we used the relevant criteria from the original audit. TSASK's management agreed with the criteria in the original audit.

To carry out our audit, we interviewed TSASK management and staff. We examined TSASK's policies and procedures related to inspecting elevating devices. We assessed the functionality of TSASK's IT system, and the reasonableness of supporting documentation. We examined a sample of incident reports, complaint records, and in-service inspections.³

3.0 STATUS OF RECOMMENDATIONS

This chapter 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 February 6, 2019, and TSASK's actions up to that date.

3.1 Accurate and Complete Inspection Records

We recommended that the Technical Safety Authority of Saskatchewan keep accurate and complete elevating device inspection records.

(2017 Report – Volume 1, p. 197, Recommendation 1; Public Accounts Committee agreement October 3, 2018)

Status – Implemented

TSASK has processes in place to keep accurate and complete elevating device inspection records.

In April 2017, TSASK completed its transition to an inspections-records IT system (Basebridge). Checklists programmed within this IT system include all required components of the safety code requirements.⁴ Controls within this IT system require inspectors to input all required information before the status of an inspection can be closed. In addition, the IT system only sends an inspection report to an elevating device owner after an inspector sets the inspection status in the system to closed (i.e., TSASK completed the inspection).

TSASK gives its inspectors laptops, tablets, and cell phones to enable direct entry of inspection results into the IT system while completing inspections. To avoid the risk of unauthorized changes to inspection results, controls in the IT system allow only the inspector who created an inspection report to modify any technical details of the report.

³ An in-service inspection is a periodic inspection of licensed equipment that is in use or operation.

⁴ The American Society of Mechanical Engineers and the Canadian Standards Association develop and maintain the Safety Code for Elevators and Escalators.

TSASK uses its elevating device inspection records to schedule inspections and follow up on identified deficiencies. Accurate and complete inspection records helps TSASK monitor whether its inspections are done at the right time, and results are appropriately managed.

3.2 Inspection Reports Shared with Elevating Device Owners

We recommended that the Technical Safety Authority of Saskatchewan document when it shares inspection reports with elevating device owners. (2017 Report – Volume 1, p. 202, Recommendation 5; Public Accounts Committee agreement October 3, 2018)

Status – Implemented

TSASK documents when it shares inspection reports with elevating device owners.

After completing an inspection, TSASK shares the inspection reports with elevating device owners and/or maintenance contractors through email or mail. TSASK uses its IT system to track when it shares inspection reports. For all of the 30 in-service elevating device inspections tested, we found that TSASK shared a copy of the inspection report with the elevating device owner.

Documenting whether and when inspection reports are shared with the device owners mitigates the risk of device owners not being aware of TSASK-identified deficiencies or not fixing the deficiencies in a timely manner.

3.3 Developing and Documenting Risk-Informed Strategy

We recommended that the Technical Safety Authority of Saskatchewan develop a documented risk-informed strategy for prioritizing inspections of elevating devices. (2017 Report – Volume 1, p. 198, Recommendation 2; Public Accounts Committee agreement October 3, 2018)

Status – Partially Implemented

We recommended that the Technical Safety Authority of Saskatchewan perform in-service inspections of escalators in accordance with a risk-informed inspection strategy. (2017 Report – Volume 1, p. 201, Recommendation 4; Public Accounts Committee agreement October 3, 2018)

Status – Partially Implemented

At December 2018, TSASK was developing a documented risk-informed strategy for prioritizing inspections of elevating devices.



TSASK planned to do the following:

- By the end of 2018, define a risk priority number assessment for elevating devices. It expected the risk priority number would be based on assessed probability that an elevating device will fail, the severity of probable failure, and the probability of detecting failure.
- In 2019, assign a risk priority number to each piece of equipment based on the inspectors' assessment. TSASK was developing a new feature in its IT system that will allow inspectors to input their assessment of the risk factors of each piece of equipment, and the system will automatically assign a risk priority number based on the risk rankings.
- In 2020, use the assessed risk priority numbers to determine inspection frequency. For elevating devices, including escalators, assessed with a higher risk, TSASK expects this to be reflected in its inspection frequency (i.e., inspect these devices more often).

At December 2018, TSASK planned to inspect escalators every 12 months until it implemented the risk-informed strategy. We found that for TSASK's escalator inspections between 2016 and 2018, TSASK only completed about three quarters of the inspections within its informal inspection frequency (which was 18 months until 2017).

Performing regular in-service inspections based on a risk-informed strategy reduces the risk of equipment deficiencies going undetected and unaddressed. Periodic inspections reduce the risk of elevating device incidents.

3.4 Complaints Procedures Not Always Followed

We recommended that the Technical Safety of Authority of Saskatchewan formalize its procedures for handling incidents and complaints related to elevating devices. (2017 Report – Volume 1, p. 199,

Recommendation 3; Public Accounts Committee agreement October 3, 2018)

Status – Partially Implemented

TSASK formalized its procedures for handling incidents and complaints related to elevating devices.⁵ Staff followed the procedures for handling incidents, but did not always follow the procedures for handling complaints.

Since 2016, TSASK created incident and complaint flow charts to document its procedures for handling incidents and complaints. It shared these with TSASK staff via email, and gave staff access to them on its internal IT network.

For five incidents we tested, TSASK followed its procedures to handle incidents.

⁵ An incident is an event related to the operation of an elevating device that is abnormal to routine operation.

Our review of the three documented complaints since 2017 found TSASK evaluated each complaint, and prepared a response based on the cause and nature of the complaint. For two of three complaints we tested, TSASK communicated the response to the affected parties. However, for one complaint we tested, TSASK did not have evidence to show it had communicated the response to the complainant as its procedures require.

Following established procedures promotes consistency in handling similar situations.

3.5 Consistent Monitoring of Deficiencies

We recommended that the Technical Safety Authority of Saskatchewan monitor whether device owners resolve deficiencies noted in its inspections of elevating devices within an acceptable timeframe.

(2017 Report – Volume 1, p. 203, Recommendation 6; Public Accounts Committee agreement October 3, 2018)

Status – Implemented

TSASK consistently monitors whether device owners resolve deficiencies noted in its inspections of elevating devices within an acceptable timeframe.

TSASK requires periodic inspections of licensed equipment that is in use or operation (i.e., in-service inspections).

TSASK uses its IT system to monitor whether device owners resolve deficiencies noted in its in-service inspections of elevating devices. The IT system tracks inspection orders, and determines whether the owner or maintenance contractor resolved deficiencies identified from a previous inspection. TSASK's policy, effective April 2018, indicates when staff are to send reminders to elevating device owners about correcting outstanding deficiencies.

In April 2018, TSASK started issuing reminders to elevating device owners to correct outstanding deficiencies.

For all 37 in-service inspections with deficiencies we tested, TSASK monitored whether elevating device owners resolved deficiencies consistent with its policy. Actively monitoring the timely resolution of identified deficiencies can reduce the risk of elevating device malfunctions and any resulting safety incidents.

3.6 Expected Frequency for Overdue Inspections Needed

We recommended that the Technical Safety Authority of Saskatchewan and the responsible Ministry define the expected frequency for inspecting elevating devices to enable reporting of overdue inspections.

(2017 Report – Volume 1, p. 205, Recommendation 7; Public Accounts Committee agreement October 3, 2018)

Status – Not Implemented



TSASK and the Ministry of Government Relations (responsible Ministry) have not defined the expected frequency for inspecting elevating devices to enable reporting of information about the nature and extent of overdue inspections. Overdue inspections are where the actual inspection interval of licensed equipment exceeds a formally defined expected inspection interval.

Each quarter, TSASK gives the Ministry information for elevating devices required under the Safety Standards Agreement. The Agreement between TSASK and the Ministry requires TSASK to give the Ministry quarterly reports containing the following information:

- Total number of inspections
- Total number of reported accidents⁶
- Details regarding corrective action reports issued (i.e., inspections with noted deficiencies)
- Total number of overdue inspections (i.e., those where the last inspection date exceeds a legislated inspection frequency)

At February 2019, there was no legislated inspection frequency for elevating devices. That is, neither *The Passenger and Freight Elevator Act* nor related regulations establish an inspection frequency for TSASK's inspections of elevating devices.

Since 2016, TSASK has researched frequency for elevating devices inspections, but found there was no standard practice in Canada. The Ministry is aware of TSASK's progress towards the implementation of the risk-informed strategy, but has not formally defined reporting of overdue inspections with TSASK.

Deciding how often elevating devices should be inspected, and tracking overdue inspections would help TSASK facilitate better monitoring. Not inspecting elevating devices timely both increases the risk that deficiencies go undetected and the risk of incidents. Also, without complete information regarding overdue inspections, TSASK cannot demonstrate, and the Ministry cannot fully monitor, performance under the Agreement.

⁶ An accident is any incident that causes death or serious injury which involves equipment that TSASK regulates. TSASK defines serious injury as receiving medical attention (i.e., in a clinic or hospital).

Chapter 42

University of Regina – Protecting Interests in Research

1.0 MAIN POINTS

The University of Regina improved its processes to protect its interests (e.g., financial, reputational, ownership) as it fosters research and commercialization of research.

By January 2019, the University had implemented the three remaining recommendations from our 2013 audit. It had defined and consistently used its definitions for specialized resources (e.g., equipment purchased with research funds). Having clearly defined and consistently used definitions of specialized resources decreases the risk that the University does not have enforceable rights to share in the intellectual property (e.g., patents, trademarks) created by academic staff and in any potential profits from commercialization.

The University also had followed its processes to review its research institutes. Reviewing its research institutes allows the University to assess whether institutes contribute to the University's strategic research goals, and whether researchers' time is appropriately spent on the institute administration.

2.0 INTRODUCTION

Fostering and commercialization of research is one of the core functions of the University. Research plays a pivotal role in the University's ability to carry out its other core function of education. A strong research program helps attract qualified professors, which in turn attracts students.

In 2013, we assessed the University's processes to protect its interests in research. Our *2013 Report – Volume 1*, Chapter 15 concluded that as of March 31, 2013, while the University of Regina had many structures and processes in place for protecting its interests (e.g., financial, reputational, ownership) as it fostered research and commercialization of research, these structures and processes could be improved. We made 26 recommendations around oversight of research, policies and procedures guiding research, signing authorities, processes to protect legal rights, and monitoring of compliance with research policies and agreements. The University had implemented 23 of the 26 recommendations by March 2, 2017.¹

This chapter describes our third follow-up of the University's actions on recommendations we first made in 2013.

To conduct this audit engagement, we followed the standards for assurance engagements published in the *CPA Canada Handbook – Assurance* (CSAE 3001). To evaluate the University's progress towards meeting our recommendations, we used the relevant

¹ Previous follow-ups of the University's actions on recommendations were reported in Provincial Auditor Saskatchewan, *2017 Report – Volume 1*, Chapter 34 and *2015 Report – Volume 1*, Chapter 32.



criteria from the original audit. The University's management agreed with the criteria in the original audit.

To perform this follow-up audit, we examined the University's reviews of research institutes and centres, reviewed intellectual property definitions and disclosures, and examined relevant forms and policies. We also interviewed University management responsible for the reviews of research institutes and centres and the intellectual property disclosures.

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 January 29, 2019, and the University's actions up to that date.

3.1 Defined and Approved Specialized Resources

We recommended that the University of Regina define and the Board of Governors approve what constitutes specialized resources for the purposes of the University's Intellectual Property Policy in order to protect the University's rights to intellectual property. (2013 Report – Volume 1, p. 188; Recommendation 9; Public Accounts Committee agreement December 9, 2014)

Status – Implemented

We recommended that once the University of Regina defines and the Board of Governors approves what constitutes specialized resources, the University ensure that the definition is consistently used and applied. (2013 Report – Volume 1, p. 188, Recommendation 10; Public Accounts Committee agreement December 9, 2014)

Status – Implemented

Faculty deans defined and approved what constitutes specialized resources for each of the University's faculties. The University had processes to consistently use and apply the definitions.

The University has the right to share in commercialization of intellectual property with its academic staff if it was created by staff, in the course of carrying out their University duties, using the University's specialized resources. Specialized resources are resources owned or controlled by the University beyond the payment of a staff member's salary and the provision of a standard environment in which staff perform their normal duties.

In our 2017 follow-up, we found that all faculties had a definition of specialized resources except for one academic unit.² In October 2017, the remaining academic unit approved

² Provincial Auditor Saskatchewan, 2017 Report – Volume 1, Chapter 34, p. 289.

its definition of specialized resources for researchers. The University reported this definition to its Board of Governors in December 2017.

The University's process for intellectual property disclosures by academic staff includes identifying whether the development of intellectual property utilized specialized resources. We found that the University's website, as of January 2019, contained its processes and forms for disclosing intellectual property, and for applying the definition of specialized resources.

For the only intellectual property disclosure between March 2017 and January 2019, we reviewed evidence that the University had appropriately applied its definition of specialized resources.

Having clearly defined and consistently used definitions of specialized resources decreases the risk that the University does not have enforceable rights to share in the intellectual property created by academic staff and any potential profits from commercialization.

3.2 Process for Reviewing Institutes

We recommended that the University of Regina review the classification and operations of all of its research institutes, assess their contribution to the University's strategic research goals, and take any necessary actions identified by the reviews. (2013 Report – Volume 1, p. 193; Recommendation 22; Public Accounts Committee agreement December 9, 2014)

Status – Intent of Recommendation Implemented

The University has processes to review the classification and operations of all of its research institutes, assess their contribution to the University's strategic research goals, and take any necessary actions identified by the reviews.

The University's policy on research institutes and centres outlines the expectation for recognition and classification of research institutes.³ The University's process includes reviewing documentation about the institute's constitution, alignment with strategic plans, funding sources, the institute's annual report, and expectations for the institute's director. An institute director is responsible for the administration of the research institute, including preparing an annual report on the institute's activities. The process also includes a review committee interviewing the institute director prior to drafting a report with recommendations.⁴

By January 2019, the University had completed reviews on 3 of 18 University-based and Faculty-based research institutes. The University has a review schedule for the remaining research institutes and plans to complete its reviews by 2021.

³ A research institute or centre generates research and knowledge. It may also be responsible for teaching, training, dissemination of research, or public service. For example, the University has a Centre on Aging and Health, and a Humanities Research Institute.

⁴ The review committee is composed of the Associate Vice-President (Research), another institute's director, an Associate Dean (Research), two senior scholars from a related discipline, and the Research Compliance Officer.



We found, for each of the three completed reviews:

- The review assessed the institute's classification, operations, and contributions to the University's strategic research goals
- The University took steps to implement the actions identified by the reviews

Reviewing its research institutes allows the University to assess whether institutes contribute to the University's strategic research goals, and whether researchers' time is appropriately spent on the institute administration.

Chapter 43

Water Security Agency – Co-ordinating Flood Mitigation

1.0 MAIN POINTS

In 2014, we audited the effectiveness of the Water Security Agency's processes to co-ordinate flood mitigation. We made two recommendations. By early April 2019, the Agency improved its flood mitigation processes and implemented the two recommendations.

We found that the Agency determined 98 communities had ongoing flood risks. It further assessed these risks and evaluated where additional flood mitigation activities would be beneficial for the 98 communities. As of early April 2019, the Agency evaluated 86 of the 98 communities. Management indicated it planned to complete its assessment of the remaining 12 communities during 2019.

Co-ordinating flood mitigation activities in communities that are continually at risk of flooding can prevent or reduce flood damage, which can reduce impacts on the health and safety of residents and reduce the cost to government for disaster assistance.

2.0 INTRODUCTION

2.1 Background

Flooding is one of the most common causes of disasters in Saskatchewan. Reducing or preventing flood damage can reduce impacts on the health and safety of residents and reduce the cost to government for disaster assistance. Flood mitigation involves the co-ordination and co-operation of numerous supporting provincial ministries and agencies, in addition to landowners and municipalities.

Floods in Saskatchewan occur along water sources, including three of its major river systems: the South Saskatchewan River, the Souris River, and the Qu'Appelle River. Many of Saskatchewan's municipalities, including the cities of Saskatoon and Prince Albert, are located adjacent to these major river systems and hence are in flood-risk areas.¹

2.2 Focus of Follow-Up Audit

Our *2014 Report - Volume 2*, Chapter 40 included two recommendations resulting from our audit of the Agency's processes to co-ordinate flood mitigation. This chapter describes our second follow-up audit of the Agency's actions on those two recommendations.

To conduct this audit engagement, we followed the standards for assurance engagements published in the *CPA Canada Handbook – Assurance* (CSAE 3001). To evaluate the

¹ Overland flooding is when the volume of water in a river, stream, or lake exceeds its capacity.



Agency's progress toward meeting our recommendations, we used the relevant criteria from the original audit. The Agency's management agreed with the criteria in the original audit.

To carry out this engagement, we discussed with management the actions taken to implement our recommendations. We examined related documents such as risk assessment reports and information from the Agency's new programs to support communities to take actions to reduce the risk of flooding.

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 April 9, 2019, and the Agency's actions up to that date.

3.1 Ongoing Flood Risk Areas Identified

We recommended that the Water Security Agency work with others (e.g., municipalities and the Ministry of Government Relations) to determine and document municipalities with ongoing flood risks.

(2014 Report – Volume 2, p. 325, Recommendation 1; Public Accounts Committee agreement January 14, 2016)

Status – Implemented

The Agency maintained a record of municipalities with an ongoing risk of damage from floods.

The Agency finalized its first record of municipalities with an ongoing risk of damage from floods in July 2017. This record contained 75 communities.

The Agency completed a preliminary assessment of the risk of flooding for these 75 communities in July 2017. It used information available for all communities to determine which communities were the most vulnerable to flooding. It developed three signs of potential risk (indicators) to assess communities, and assigned a risk score to each, see **Figure 1**.

Figure 1 – Community Flood Vulnerability Assessment Phase 1 – Vulnerability Indicators

Indicator / Weight Contributing to Overall Risk Score	Example of Information Used
Hydrological Indicator / 50%	Agency and Federal Government water flow data from systems used to measure water flow throughout Saskatchewan
Social Indicator / 20%	Population data, population growth data
Economic Indicator / 30%	Data from the Ministry of Government Relations' Provincial Disaster Assistance Program

Source: Water Security Agency *Community Flood Vulnerability Assessment* (July 2017).

In 2018, the Agency appropriately updated its record of communities with an ongoing risk of damage from floods. It added 23 communities to the record, totalling 98 communities. It identified these additional at-risk communities from various sources such as communities that participated in past flood programs, communities that applied in 2018 to participate in new flood programs, and additional discussion within the Agency.²

We found the updated record included communities adjacent to Saskatchewan's three main rivers that have experienced recent flooding.

Keeping a current record of at-flooding-risk communities aids the Agency in planning and prioritizing future flood-mitigation initiatives.

3.2 Agency Evaluated Flood Mitigation Initiatives

We recommended that the Water Security Agency work with others (e.g., municipalities and the Ministry of Government Relations) to evaluate gaps in flood mitigation initiatives in municipalities with ongoing flood risks. (2014 Report – Volume 2, p. 326, Recommendation 2; Public Accounts Committee agreement January 14, 2016)

Status – Implemented

The Agency evaluated gaps in flood mitigation initiatives for 98 communities with an ongoing risk of damage from floods. As of early April 2019, it evaluated 86 of the 98 communities. Management plans to complete its assessment of the remaining 12 communities during 2019.

In 2018, the Agency started assessing, in detail, each of the 98 communities. This work included assessing:

- Community past flooding history (e.g., the areas affected and the impact of past flooding)
- Community participation in the Agency's previous programs related to flooding
- Assessing flood mitigation work already completed by the community (e.g., construction of berms or other structures to control water), in some cases, through on-site inspections of berms and structures
- Recommending additional flood mitigation initiatives (e.g., additional detailed mapping or surveying, construction or alteration of berms, etc.)

As of early April 2019, it had completed 86 assessments.

For each of the 11 completed assessment reports we tested, the Agency completed assessments consistent with its expected process. We found each of the assessment reports contained sufficient information about ongoing flood risks, and additional measures communities should take to continue to reduce the risk of damage from floods.

² Past flood programs included the Canada/Saskatchewan Flood Damage Reduction Program that operated from 1976-1997, which assisted communities with long-term flood risk mitigation planning.



Evaluating what flood mitigation initiatives communities have completed and what work remains provides a basis for planning and prioritizing future flood mitigation initiatives and funding. Mitigating flood risks protects developed areas at risk of flooding, and helps keep the public safe.

Flood Damage Reduction Funding Program Encourages Flood Risk Assessments

The Agency created a new program in 2018 to provide funding to encourage municipalities to seek detailed flood risk assessments and mapping. Detailed information about flood risks enables communities to make better decisions on needs for additional flood mitigation activities. See **Figure 2** for information about the new program.

During 2018, 16 communities applied to participate in the Flood Damage Reduction Program. The Agency assisted these communities by evaluating flood risks and actions to take to help reduce the risk of damage from floods.

Figure 2— Information about the Agency's Flood Damage Reduction Program and Flood Mapping Initiative

The Flood Damage Reduction Program provides cost share funding to assist communities implementing proactive flood damage prevention or reduction measures for urban municipalities (cities, towns and villages) and rural municipalities (hamlets) that face a risk of suffering recurrent flood damage in the future.

The Program will consider proposals from municipalities to undertake activities in four streams:

- Stream No. 1 – risk assessment (where either the program provides the consulting services or the municipality acts as the proponent to acquire hydrologic and/or hydraulic investigations);
- Stream No. 2 – floodplain mapping (where the municipality acts as the proponent to acquire the products);
- Stream No. 3 – mitigation planning (where the municipality acts as the proponent to acquire construction designs or undertake developing an emergency flood response plan); and,
- Stream No. 4 – structural projects (where the municipality acts as the proponent to achieve construction of permanent flood protection works).

Source: www.wsask.ca/Water-Programs/Flood-Prevention/Flood-Damage-Reduction-Program/ (9 April 2019).

Chapter 44

Water Security Agency – Ensuring Dam Safety

1.0 MAIN POINTS

At March 2019, the Water Security Agency had not yet fully addressed two of four recommendations that we first made in our 2005 audit of its processes to ensure its four largest dams were safe. Its four largest dams were the Gardiner, Qu'Appelle River, Rafferty, and Grant Devine (formerly known as the Alameda). The Agency has emergency preparedness plans for each of its four major dams.

The Agency has not approved its 2016 draft policy about testing the plans.

As of March 2019, the Agency has tested only one of the four emergency preparedness plans—the Rafferty dam in January 2018. The Agency was implementing recommendations from lessons learned from the testing of the emergency preparedness plan for this dam.

Testing plans helps make sure the plans work as intended if an emergency were to occur, such as a dam failure.

The Agency made some progress in updating its procedure manuals for its four major dams, but more work remained. These procedure manuals set procedures to operate, maintain, and monitor the dams safety. Up-to-date manuals support safe operations of the dams.

2.0 INTRODUCTION

The Agency is responsible for the safety of 69 dams that help to preserve a sustainable water supply for the province. Four of these dams are considered major in that failure of any of these dams would risk serious downstream flooding. This flooding could cause loss of life and damage homes, businesses, crops, infrastructure, and wildlife habitat.

Our *2005 Report – Volume 1*, Chapter 3 included four recommendations we made from our audit of the Agency's processes to ensure the safety of its four major dams. By August 2016, it had implemented two of the four recommendations.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 Agency's progress towards meeting our recommendations, we used the relevant criteria from the original audit. The Agency agreed with the criteria in the original audit.

We interviewed management responsible for the Agency's processes to keep dams safe and reviewed related documentation (e.g., emergency preparedness plans, lessons learned study from testing an emergency plan, and completed manuals).

¹ We previously reported on whether the Agency implemented these recommendations in 2007, 2010, 2012, 2014, and 2016.



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 March 19, 2019, and the Agency's actions up to that date.

3.1 More Testing of Emergency Preparedness Plans Required

We recommended that the Water Security Agency (formerly Saskatchewan Watershed Authority) have up-to-date, tested emergency preparedness plans for each of its major dams (i.e., Rafferty, Grant Devine (formerly Alameda), Qu'Appelle River, and Gardiner). (2005 Report – Volume 1, p. 38, Recommendation 2; Public Accounts Committee agreement June 21, 2005)

Status – Partially Implemented

As of March 2019, the Agency had tested its emergency preparedness plan (plan) for only one of its four major dams—the Rafferty dam in January 2018. The Agency's 2016 draft policy for testing its emergency preparedness plans (see **Figure 1**) remained unapproved.

In January 2018, the Agency completed its first test of its plan for Rafferty dam. It completed an exercise that simulated a potentially dangerous situation (e.g., dam equipment malfunction) and a dam failure.² The test included numerous activities such as discussion of the plans (e.g., stakeholder roles and responsibilities during emergencies), how to issue emergency warnings, and discussion of what each party was expected to do and how. Many stakeholders attended the test; 45 of the 56 invited stakeholders participated (e.g., SaskPower, Public Safety Canada, nearby rural municipalities).

The Agency started to implement resulting recommendations from the Rafferty test exercise summary report. The report summarized the results of the test exercise and made 13 recommendations to help further improve the Agency's emergency preparedness abilities. Overall, the report found the exercise to be successful.

At March 2019, the Agency had implemented one of the thirteen recommendations.

Figure 1—Water Security Agency 2016 Draft Policy for Testing Emergency Preparedness Plans

Its draft policy contemplates:

- Annually review stakeholder contact information in the plans
- Complete advanced plan tests every four years for these four dams (e.g., discussion-based exercise, activity-based exercise)
- Evaluate lessons learned from advanced plan tests

Source: Water Security Agency.

² The Agency used a consultant to help facilitate the exercise to test its emergency preparedness plan at Rafferty dam.

Plans set key responses to emergencies. They provide information on flooding, planned warnings and notifications, and actions to take in the event of a dam failure or other emergency. Use of plans can safeguard lives, reduce property damage, and help local governments and other groups develop their own emergency preparedness plans. Testing plans is an essential part of emergency preparedness and is required to know that plans and staff training is adequate.

3.2 Required Manuals Remain Unfinished

We recommended that the Water Security Agency (formerly Saskatchewan Watershed Authority) set processes that ensure its manuals always include complete procedures to operate, maintain, and monitor dam safety. (2005 Report – Volume 1, p. 38, Recommendation 3; Public Accounts Committee agreement June 21, 2005)

Status – Partially Implemented

The Agency had not prepared all 32 procedure manuals it determined that it required for its four major dams. These manuals include processes and procedures for dam operation, maintenance, and surveillance.³

At March 2019, the Agency continued to complete its required manuals. It had updated 25 manuals (August 2016: 21 manuals), was actively updating four manuals (August 2016: eight manuals), and had not started updating three manuals (August 2016: three manuals).⁴

Complete and current procedure manuals support the safe operation of dams. They provide staff with clear and readily accessible direction, and are a resource in the event of staff turnover.

³ Dam surveillance refers to the systems that exist to monitor/assess dam performance and how and when performance monitoring is to be completed.

⁴ The Agency considers the update of these manuals a key action. Its 2017-18 Water Security Agency Annual Report, p. 10, communicated the status of its actions.

Chapter 45

Modernizing Government Budgeting and Reporting

1.0 MAIN POINTS

The Government of Saskatchewan has good budgeting and financial reporting practices. It gives legislators and the public a budget, quarterly financial reports, and audited Summary Financial Statements each of which appropriately focuses on the financial activities of the entire Government. In addition, it publishes each of them within a reasonable timeframe. These documents help legislators and the public understand the Government's plans. They include key information to facilitate holding the Government accountable for its use of public money, and the fiscal health of the Government.

But, as of September 2018, the Government had not embedded the key aspects of its summary budgeting and financial reporting practices into law. This would help ensure they are sustained. In addition, it would ensure legislators and the public continue to receive timely key accountability documents (like summary budgets and interim reports), and quality financial information.

2.0 INTRODUCTION

Publishing financial reports on plans and actual results is a key way governments show their stewardship of public money to legislators and the public. Providing quality and timely financial reporting can build trust in governments.

This chapter describes our second follow-up of the Government's actions on the recommendations we made in 2013 relating to modernizing the Government's budgeting and financial reporting.¹

Our 2013 Special Report reported that Saskatchewan's budgeting and financial reporting legislation and practices used in 2013 were out of date and not in sync with other provinces. It noted that the Government's then use of two budgets and two sets of audited financial statements created confusion for legislators and the public. We made 11 recommendations. By April 2016, the Government had made significant improvements through its implementation of three of those recommendations.² Our *2016 Report – Volume 1*, Chapter 18 highlighted the Government's focus on summary budgeting and financial reporting, but noted the need for further progress to sustain this focus.

To conduct this audit engagement, we followed the standards for assurance engagements published in the *CPA Canada Handbook – Assurance* (CSAE 3001). To evaluate the Government's progress towards meeting our recommendations, we discussed with Ministry of Finance management the progress made in meeting our recommendations, and reviewed legislative changes, key documents, publications, and related practices of other Canadian provinces.

¹ auditor.sk.ca/pub/publications/public_reports/2013/2013-Special-Report-Government-Finances-Final.pdf (15 January 2019).

² auditor.sk.ca/pub/publications/public_reports/2016/Volume_1/18_Modernizing%20Gov't%20Budget.pdf (15 January 2019).



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 September 14, 2018, and the Government's actions up to that date.

3.1 Outdated Legislation with Focus on the General Revenue Fund Repealed and Not Replaced

We recommended that the Government of Saskatchewan seek changes to legislation that would discontinue the preparation and publication of a budget for the General Revenue Fund. (The preparation and publication of the Estimates would continue). (2013 Special Report – *The Need to Change – Modernizing Government Budgeting and Reporting in Saskatchewan*, p. 16, Recommendation 3; Public Accounts Committee agreement June 17, 2015)

Status – Implemented

We recommended that the Government of Saskatchewan seek changes to The Growth and Financial Security Act to:

- ***Eliminate the use of “rainy day” funds for balancing budgets in conjunction with its elimination of the budget for the General Revenue Fund.***
- ***Eliminate the existence of the Debt Retirement Fund.***

(2013 Special Report – *The Need to Change – Modernizing Government Budgeting and Reporting in Saskatchewan*, pp. 23, 26, Recommendations 5, 7; Public Accounts Committee agreement June 17, 2015)

Status – Implemented

We recommended that the Government of Saskatchewan seek changes to The Growth and Financial Security Act to eliminate interim reporting on the General Revenue Fund budget and to require quarterly public reporting on the Summary Budget. (2013 Special Report – *The Need to Change – Modernizing Government Budgeting and Reporting in Saskatchewan*, p. 27, Recommendation 8; Public Accounts Committee agreement June 17, 2015)

Status – Partially Implemented (Government does not require interim public reporting on the Summary Budget. See replacement **Recommendation 1.**)

We recommended that if balanced budget legislation is desired, the Government of Saskatchewan seek changes to current legislation to use the Summary Budget as the basis for balanced budgeting. (2013 Special Report – *The Need to Change – Modernizing Government Budgeting and Reporting in Saskatchewan*, p. 21, Recommendation 4; Public Accounts Committee agreement June 17, 2015)

Status – Recommendation No Longer Relevant

In June 2016, the Legislative Assembly repealed *The Growth and Financial Security Act* effective April 1, 2016, and appropriately shifted its reporting practices to focus on the government as a whole. We call this a summary focus.

Also, on May 16, 2018, the Minister of Finance publicly communicated, through the Standing Committee on Crown and Central Agencies, the Government's decision not to proceed with replacement legislation at this time.³ Government decided, at that time, not to replace the legislated balanced budget requirements previously placed on the General Revenue Fund with similar requirements for the entire Government.⁴

This decision is not dissimilar to other provincial governments. As of September 2018, only a few Canadian provincial governments continue to use balanced budget legislation as the basis of their government's overall fiscal management and accountability.⁵

The Growth and Financial Security Act had placed fiscal management requirements on the financial activities of the General Revenue Fund only instead of on the entire government (see **Figure 1** for examples). The General Revenue Fund is one of many components of the Government's operations. This Fund is not designed to provide a complete picture of the financial plans and results of the Government, and does not do so.

Figure 1 – Examples of Former Requirements of *The Growth and Financial Security Act*

This Act required budget information, quarterly public reporting, and a Debt Retirement Fund based only on the General Revenue Fund. It also required the use of "rainy day" funds for balancing budgets of the General Revenue Fund. The Debt Retirement Fund was an accounting of the surpluses of the General Revenue Fund since 2008. The Debt Retirement Fund had no underlying assets.

Source: *The Growth and Financial Security Act* (Repealed).

Prior to this repeal, the Government had already shifted to appropriately discontinue publishing a budget, quarterly financial reports, and audited financial statements for the General Revenue Fund. It discontinued this practice in fiscal year 2013-14. Since 2013-14, the Government has appropriately focused its financial reporting on summary budgeting and summary financial results.

The Government continues to provide quarterly public reporting on the Summary Budget. It has done so since 2014-15 even though it is not required to do so by law or policy.

Embedding even well-established practices into formal requirements (like policy or law) helps avoid changes in key practices and inconsistent application over time. This is because changing policies and/or laws requires consultation.

Governments publishing interim summary financial reports demonstrate accountability. In addition, providing interim financial information can help increase the understanding of legislators and the public of the Government's finances. This in turn can build their trust in the Government.

³ <http://docs.legassembly.sk.ca/legdocs/Legislative%20Committees/CCA/Debates/180516Debates-CCA.pdf#page=13>, p. 539. (15 January 2019).

⁴ *The Growth and Financial Security Act* required the Government to balance its General Revenue Fund budget. The General Revenue Fund is on only a portion of the Government's financial activities. As we previously reported, reporting whether the Government balances its budget for only a portion of its operations does not provide useful information to the public and it causes confusion.

⁵ At September 2018, British Columbia, Manitoba, Ontario, and Quebec have balanced budget legislation in place.



1. We recommend that the Government of Saskatchewan formally require interim public financial reporting on the Summary Budget.

3.2 Embedding Current Good Summary Budgeting Reporting Practices into Law Needed

We recommended that the Government of Saskatchewan seek changes to legislation that would require it to provide the Legislative Assembly with a Summary Budget (i.e., budget reflecting the activities of the entire Government) and consider providing a multi-year Summary Budget.

(2013 Special Report – The Need to Change – Modernizing Government Budgeting and Reporting in Saskatchewan, p. 16, Recommendation 2; Public Accounts Committee agreement June 17, 2015)

Status – Not Implemented

We recommended that the Government of Saskatchewan seek changes to The Growth and Financial Security Act to publish a debt management plan that includes all of the debt of the Government. *(2013 Special Report –*

The Need to Change – Modernizing Government Budgeting and Reporting in Saskatchewan, p. 26, Recommendation 6; Public Accounts Committee agreement June 17, 2015)

Status – Intent of Recommendation Implemented

Since 2014-15, the Government has appropriately focused its budget reporting on the Provincial Budget. This Budget is based on the financial activities of the Government as a whole. But, as of September 2018, Cabinet decided not to proceed with embedding current summary budgeting reporting practices into law.

Saskatchewan’s Summary Budget Reporting Practices Generally Consistent with Other Canadian Provinces

As explained below in **Figure 2**, the Government’s summary budget reporting practices in place at September 2018 are generally consistent with those of other Canadian provinces.

All governments use budgets to communicate to legislators and the public the expected costs of their plans for the upcoming year or years, and to show how they plan to use public resources. Legislators and the public need this information to hold the Government to account.

In common with other provinces, the Saskatchewan Provincial Budget includes a Summary Budget and some multi-year budget information, including borrowing plans. Consistent with good practice, the Government generally tables its Budget prior to the start of the fiscal year to which the budget relates.

As of September 2018, provincial practices for publishing multi-year budget and debt planning information varied. While not required by law, as shown in **Figure 3**,

Saskatchewan, in common with almost all provinces, provides multi-year summary budgets using the same accounting policies as their summary financial statements.

Figure 2—Comparison of Saskatchewan Budget Reporting Practices to Other Provinces

For its Summary Budget and multi-year summary budget information, Each year, Saskatchewan gives legislators and the public a Summary Budget using the same accounting policies as used in its Summary Financial Statements, and a similar format.

Saskatchewan also publishes some multi-year budget information each year as part of its Provincial Budget. Saskatchewan, as compared to some other provincial governments, provides one additional future year of information for planned total revenues, total expenses, and public debt. It publishes less multi-year budget information than some its provincial counterparts. For example, it does not publish the following multi-year information that some other provinces do:

- Detailed information on planned revenues and expenses for all years—British Columbia, Alberta, and Ontario publish this information
- Detailed information on planned financial assets (e.g., cash, investment in government business enterprises), liabilities (e.g., accounts payable, pension liabilities), non-financial assets (e.g., tangible capital assets), and accumulated surplus/deficit—British Columbia, Alberta and Ontario publish this information

For debt planning information, since 2014-15, Saskatchewan has included a summary-based debt plan in its Provincial Budget. For example, the 2018-19 Provincial Budget included four years (2018-19 and three subsequent years) of information for public debt and a projection of the Government's pension liability for 2018-19.

Saskatchewan defines public debt as borrowings through the issuance of debt instruments such as promissory notes and debentures, net of investments in sinking funds. Its debt plan includes a breakdown of public debt by three types (i.e., General Revenue Fund operating debt, debt of government business enterprises such as SaskPower, and other debt of government service organizations such as school divisions).

We found Saskatchewan publishes less debt planning information than a few of its provincial counterparts. For example, the governments of British Columbia and Alberta each publish other long-term obligations such as obligations under public-private partnership (P3) arrangements in their debt plans. Giving legislators and the public additional information may lead to more informed public debate about the Government's plans.

Source: <http://publications.gov.sk.ca/documents/15/106322-2018-19%20Budget%20for%20WEB.pdf> pp. 47, 68, 71 (15 January 2019).

Summary Budget Reporting Embedded in Law of Most Canadian Provinces

Unlike six out of nine other Canadian provincial governments, the Saskatchewan Government is not required by law to prepare a summary budget for tabling in the Assembly.

Figure 3—Summary Budget Information Provided to Assemblies by Legislation (shaded cell) and in Practice (unshaded cell) as of September 2018

Nature of Budget Information Provided to Assemblies	SK	BC	AB	MB	ON	QC	NB	NS	PE	NL
Summary Budget	Y	Y	Y	Y	Y	Y	Y ^A	Y	Y	Y
Use same accounting policies as Summary Financial Statements	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
Includes Multi-year Summary Budget	Y	Y	Y	Y	Y	Y	Y ^A	Y	Y	N

Source: Provincial summary budgets and related legislation.

Abbreviations used: SK – Saskatchewan, BC – British Columbia, AB – Alberta, MB – Manitoba, ON – Ontario, QC – Quebec, NB – New Brunswick, NS – Nova Scotia, PE – Prince Edward Island, NL – Newfoundland & Labrador.

^A On December 12, 2018, the Government of New Brunswick introduced Bill 8 – *Fiscal Transparency and Accountability Act*. This Bill proposes that the Government be required, by law, to prepare a multi-year Summary Budget. At January 15, 2019, this Bill had passed second reading.



As shown in **Figure 3**, six Canadian provincial governments are required, by law, to prepare summary budgets. One province must use the same accounting policies as used in their summary financial statements when preparing them; and four must prepare multi-year summary budgets (e.g., three to five years).

Embedding key established summary budget reporting practices into law would help ensure legislators and the public continue to receive a Provincial Budget with a summary focus. In addition, it would help ensure the current budget reporting practices that have a summary focus are sustained. In addition, embedding key practices into law would demonstrate to legislators and the public a commitment to sustaining the current summary budget reporting practices.

3.3 Embedding Current Use of Canadian Public Sector Accounting Standards for Summary Reporting into Law Needed

We recommended that the Government of Saskatchewan seek changes to The Financial Administration Act, 1993 to require the use of Canadian public sector standards established by the Canadian Public Sector Accounting Board in preparation of the Summary Financial Statements.

(2013 Special Report – The Need to Change – Modernizing Government Budgeting and Reporting in Saskatchewan, p. 32, Recommendation 10; Public Accounts Committee agreement June 17, 2015)

Status – Not Implemented

Since 1992, consistent with a Treasury Board policy, the Government has used Canadian public sector accounting standards to prepare its annual Summary Financial Statements. However, the Government has not embedded its well-established practice of using of Canadian public sector accounting standards to prepare the Summary Financial Statements into law.

Similar to most other Canadian provincial governments, law gives the Government (e.g., Treasury Board) the authority to set the accounting policies for the Summary Financial Statements.⁶ In Saskatchewan, Treasury Board policy requires the use of generally accepted accounting principles for the public sector as recommended by the Canadian Public Sector Accounting Board to prepare the annual Summary Financial Statements. It also requires Treasury Board approval for exceptions.⁷ Since 1992, the Government has not made any exceptions to accounting policies used to prepare the Summary Financial Statements.

At October 2018, British Columbia is the only province whose legislation requires the Government to follow Canadian public sector accounting standards or, with Treasury Board approval, use generally accepted accounting principles applicable in a jurisdiction

⁶ *The Financial Administration Act, 1993*, section 16. The Provincial Comptroller shall prepare the summary financial statements of the Government of Saskatchewan for each fiscal year in accordance with the accounting policies established by the board (requirement has been in place since 1993).

⁷ Financial Administration Manual 2210 SFS Accounting Policies, <http://applications.saskatchewan.ca/fam/pdf/2210.pdf> (15 January 2019).

outside Canada that have been set by a recognized standard setting organization in that jurisdiction.⁸

Requiring the Government, by law, to use Canadian generally accepted accounting principles to prepare its Summary Financial Statements would be consistent with legal requirements already placed on Saskatchewan municipalities, and on publicly traded companies. For example,

- Since 2005, provincial laws require Saskatchewan municipalities to prepare their financial statements using Canadian public sector accounting standards.⁹
- Canadian securities regulators require publicly traded companies to use generally accepted accounting principles for publicly accountable enterprises (i.e., International Financial Reporting Standards) in preparing their annual financial statements.¹⁰

Enshrining in law the requirement to use Canadian public sector accounting standards to prepare the Summary Financial Statements would help ensure legislators and the public continue to receive quality financial statements. In addition, such a requirement could reduce the risk of use of accounting standards that do not follow Canadian public sector accounting standards in the preparation of future financial statements.¹¹ Quality audited financial statements are the foundation for financial reporting. Financial reporting assists legislators and the public in understanding the Government's financial performance and holding them accountable for it.

In September 2018, the Canadian federal and provincial auditor generals noted, in a joint letter to the Canadian Public Sector Accounting Board, that currently many Canadian governments use Canadian public sector accounting standards to prepare their financial statements on a voluntary basis. They further noted the Canadian legislative audit community would like to see generally accepted accounting principles embedded in federal and provincial legislation as this would assist in ensuring that public sector financial reporting is in the public interest.¹² The Canadian Public Sector Accounting Board establishes accounting standards for the public sector in Canada, and provides guidance for financial and other performance information reported by the public sector.¹³

⁸ *The Budget Transparency and Accountability Act* (British Columbia), s. 23.1 requires the Government of British Columbia to follow Canadian public sector accounting standards or, with Treasury Board approval, use generally accepted accounting principles applicable in a jurisdiction outside Canada that have been set by a recognized standard setting organization in that jurisdiction. www.bclaws.ca/civix/document/id/complete/statreg/00023_01 (15 January 2019).

⁹ *The Municipalities Act* (s. 185), *The Cities Act* (s. 155), *The Northern Municipalities Act, 2010* (s. 207).

¹⁰ www.osc.gov.on.ca/documents/en/Securities-Category5/ni_20160113_52-107_unofficial-consolidated.pdf (15 January 2019).

¹¹ As of December 31, 2018, independent auditor reports of Auditor Generals of the following Canadian provinces cited that their related government did not follow Canadian public sector accounting standards in the preparation of that government's most recent summary financial statements: British Columbia, Manitoba, and Quebec.

¹² The letter dated September 28, 2018, is signed by 12 Auditor Generals (representing Canada and the territories, 10 provinces, and Bermuda). It is a joint response to the May 2018 Consultation Paper: Reviewing PSAB's Approach to International Public Sector Accounting Standards. www.frascanada.ca/en/public-sector/documents (15 January 2019).

¹³ www.frascanada.ca/en/psab (18 January 2019).

Appendix 1

Agencies Subject to Examination under *The Provincial Auditor Act* and Status of Audits

The Office of the Provincial Auditor'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 the 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 December 31, 2018 along with its 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 April 25, 2019. 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 on April 25, 2019 ^B	Matters Reported / Related Report(s) ^C
Government of Saskatchewan – Summary Financial Statements	March 31	Complete	Yes/2019 Rpt V1
Ministries and Secretariats:			
Ministry of Advanced Education	March 31	Complete	Yes/2018 Rpt V2
Ministry of Agriculture	March 31	Complete	No
Ministry of Central Services	March 31	Complete	Yes/ 2018 Rpt V2 & 2019 Rpt V1
Ministry of Corrections and Policing	March 31	Complete	Yes/2018 Rpt V2 & 2019 Rpt V1
Ministry of Education	March 31	Complete	Yes/2019 Rpt V1
Ministry of Energy and Resources	March 31	Complete	Yes/2019 Rpt V1
Ministry of Environment	March 31	Complete	Yes/2018 Rpt V2 & 2019 Rpt V1
Ministry of Finance	March 31	Complete	Yes/2018 Rpt V2 & 2019 Rpt V1
Ministry of Government Relations	March 31	Complete	Yes/2018 Rpt V2 & 2019 Rpt V1
Ministry of Health	March 31	Complete	Yes/2018 Rpt V2 & 2019 Rpt V1
Ministry of Highways and Infrastructure	March 31	Complete	Yes/2018 Rpt V2 & 2019 Rpt V1
Ministry of Immigration and Career Training	March 31	Complete	Yes/2019 Rpt V1
Ministry of Justice and Attorney General	March 31	Complete	Yes/2018 Rpt V2 & 2019 Rpt V1
Ministry of Labour Relations and Workplace Safety	March 31	Complete	No
Ministry of Parks, Culture and Sport	March 31	Complete	Yes/2018 Rpt V2



Agency	Fiscal Year-End ^A	Status on April 25, 2019 ^B	Matters Reported / Related Report(s) ^C
Ministry of Social Services	March 31	Complete	Yes/ 2018 Rpt V2 & 2019 Rpt V1
Ministry of Trade and Export Development	March 31	Complete	No
Executive Council	March 31	Complete	Yes/2018 Rpt V2
Public Service Commission	March 31	Complete	Yes/2018 Rpt V2
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	No
Christ the Teacher Roman Catholic Separate School Division No. 212	August 31	Complete	No
Community Initiatives Fund	March 31	Complete	No
Conseil des Écoles Fransaskoises 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 V2 & 2019 Rpt V1
Englefeld Protestant Separate School Division No. 132	June 30	Complete, Note 9	No
Global Transportation Hub Authority, The	March 31	Complete	Yes/2018 Rpt V2
Good Spirit School Division No. 204	August 31	Complete	No
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	No
Holy Trinity Roman Catholic Separate School Division No. 22	August 31	Complete	No
Horizon School Division No. 205	August 31	Complete	No
Île-à-la Crosse School Division No. 112	August 31	Complete	Yes/2019 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
Living Sky School Division No. 202	August 31	Complete	Yes/2019 Rpt V1
Lloydminster Roman Catholic Separate School Division No. 89	August 31	Complete	No
Lloydminster Public School Division No. 99	August 31	Complete	Yes/2019 Rpt V1
Métis Development Fund	December 31	Complete	No
Municipal Financing Corporation of Saskatchewan	December 31	Complete	No
Municipal Potash Tax Sharing Administration Board	December 31	Complete	Yes/2019 Rpt V1

Agency	Fiscal Year-End ^A	Status on April 25, 2019 ^B	Matters Reported / Related Report(s) ^C
North East School Division No. 200	August 31	Complete	No
North West College	June 30	Complete	No
Northwest School Division No. 203	August 31	Complete	No
Northern Lights School Division No. 113	August 31	Complete	Yes/2019 Rpt V1
Northlands College	June 30	Complete	Yes/2019 Rpt V1
Operator Certification Board	March 31	Complete	No
Parkland College	June 30	Complete	No
Physician Recruitment Agency of Saskatchewan	March 31	Complete, Note 5	No
Prairie Agricultural Machinery Institute	March 31	Complete	No
Prairie South School Division No. 210	August 31	Complete	No
Prairie Spirit School Division No. 206	August 31	Complete	Yes/2019 Rpt V1
Prairie Valley School Division No. 208	August 31	Complete	No
Prince Albert Roman Catholic Separate School Division No. 6	August 31	Complete	Yes/ 2019 Rpt V1
Provincial Archives of Saskatchewan	March 31	Complete	No
Provincial Capital Commission	March 31	Complete	No
Regina Roman Catholic Separate School Division No. 81	August 31	Complete	Yes/2018 Rpt V2
Regina School Division No. 4	August 31	Complete	No
Saskatchewan Apprenticeship and Trade Certification Commission	June 30	Complete	Yes/2019 Rpt V1
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/2019 Rpt V1
Saskatchewan Health Authority	March 31	Complete	Yes/2018 Rpt V2 & 2019 Rpt V1
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	No
Saskatchewan Indian Gaming Authority Inc.	March 31	Complete	Yes/2018 Rpt V2
Saskatchewan Legal Aid Commission	March 31	Complete	Yes/2018 Rpt V2
Saskatchewan Liquor and Gaming Authority	March 31	Complete	Yes/2018 Rpt V2 & 2019 Rpt V1
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 4	
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 V2 & 2019 Rpt V1



Agency	Fiscal Year-End ^A	Status on April 25, 2019 ^B	Matters Reported / Related Report(s) ^C
SaskBuilds Corporation	March 31	Complete	No
SLGA Holdings Inc.	March 31	Note 10	
SLGA Retail Inc.	March 31	Complete	No
South East Cornerstone School Division No. 209	August 31	Complete	No
Southeast College	June 30	Complete	No
St. Paul's Roman Catholic Separate School Division No. 20	August 31	Complete	Yes/ 2019 Rpt V1
Sun West School Division No. 207	August 31	Complete	Yes/ 2019 Rpt V1
TecMark International Commercialization Inc.	March 31	Note 1	
Tourism Saskatchewan	March 31	Complete	No
Water Appeal Board	March 31	Complete	No
Water Security Agency	March 31	Complete	Yes/2018 Rpt V2 & 2019 Rpt V1
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 7	
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 6	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

Agency	Fiscal Year-End ^A	Status on April 25, 2019 ^B	Matters Reported / Related Report(s) ^C
Saskatchewan Government Insurance	March 31	Complete	Yes/2019 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 & 2019 Rpt V1
Saskatchewan Telecommunications	March 31	Complete	Yes/2019 Rpt V1
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	No
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	March 31	Note 8	
Commercial Revolving 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
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
Financial and Consumer Affairs Authority of Saskatchewan	March 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	Delayed	
Health Shared Services Saskatchewan Disability Income Plan – CUPE	December 31	Delayed	
Health Shared Services Saskatchewan Disability Income Plan – SEIU	December 31	Delayed	
Health Shared Services Saskatchewan Disability Income Plan – General	December 31	Delayed	



Agency	Fiscal Year-End ^A	Status on April 25, 2019 ^B	Matters Reported / Related Report(s) ^C
Health Shared Services Saskatchewan Disability Income Plan – SUN	December 31	Delayed	
Health Shared Services Saskatchewan Group Life Insurance Plan	December 31	Delayed	
Health Shared Services Saskatchewan In-scope Extended Health/Enhanced Dental Plan	December 31	Delayed	
Health Shared Services Saskatchewan Out-of-Scope Extended Health/Enhanced Dental Plan	December 31	Delayed	
Health Shared Services Saskatchewan Out-of-Scope Flexible Health/Spending Plan	December 31	Delayed	
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	Delayed	
Livestock Services Revolving Fund	March 31	Note 3	
Municipal Employees' Pension Commission	December 31	Complete	No
Northern Municipal Trust Account	December 31	Delayed	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	Delayed	
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
Saskatchewan Pension Annuity Fund	March 31	Complete	No
Saskatchewan Pension Plan	December 31	Complete	No

Agency	Fiscal Year-End ^A	Status on April 25, 2019 ^B	Matters Reported / Related Report(s) ^C
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	Delayed	
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
Other agencies:			
Pension Plan for the Eligible Employees at the University of Saskatchewan	December 31	Delayed	
Pension Plan for the Academic and Administrative Employees of the University of Regina	December 31	Delayed	
Technical Safety Authority of Saskatchewan	June 30	Complete	Yes/2019 Rpt V1



Agency	Fiscal Year-End ^A	Status on April 25, 2019 ^B	Matters Reported / Related Report(s) ^C
University of Regina Non-Academic Pension Plan	December 31	Delayed	
University of Regina	April 30	Complete	Yes/2019 Rpt V1
University of Saskatchewan 1999 Academic Pension Plan	December 31	Delayed	
University of Saskatchewan 2000 Academic Money Purchase Pension Plan	December 31	Delayed	
University of Saskatchewan Academic Employees' Pension Plan	December 31	Delayed	
University of Saskatchewan and Federated Colleges Non-Academic Pension Plan	December 31	Delayed	
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 created on November 16, 2017. The first period-end audited will be March 31, 2019.

Note 5: This entity was dissolved effective August 31, 2018.

Note 6: This entity was dissolved effective March 31, 2018.

Note 7: This entity was dissolved effective October 31, 2018.

Note 8: In 2018 this plan changed its year-end from December to March. Its financial statements for 2018-19 will include the 15-month period from January 1, 2018 – March 31, 2019.

Note 9: This entity was amalgamated with Horizon School Division No. 205 effective June 30, 2018.

Note 10: This entity was created on June 26, 2018. The first period-end audited will be March 31, 2019.

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	2018
	September 30	2018
	December 31	2018

B "Complete" – the audit was complete.

"Delayed" – the audit was delayed.

C "No" - no significant issues were reported.

"Yes/2018 Rpt V2" – significant issues are reported in our *2018 Report – Volume 2*.

"Yes/2019 Rpt V1" – significant issues are reported in our *2019 Report – Volume 1*.

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 August 31, 2018 and December 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, the 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—Objective 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 2018-19 – Volume 1* will include the Office's independent auditor's report on the Government's Summary Financial Statements for the year ended March 31, 2019.

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 August 1, 2018 and December 31, 2018. As noted below, sometimes the Office varies the extent of its participation.

The table groups agencies and corporations by: school divisions; other Crown agencies, special purpose and trust funds; 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. School Divisions				
Chinook School Division No. 211	Stark & Marsh CPA LLP	August 31, 2018	See ^A	Yes
Christ the Teacher Roman Catholic Separate School Division No. 212	Collins Barrow PQ LLP	August 31, 2018	See ^A	Yes
Conseil des Écoles Fransaskoises No. 310	Deloitte LLP	August 31, 2018	See ^A	Yes
Creighton School Division No. 111	Kendall & Pandya	August 31, 2018	See ^A	Yes
Englefeld Protestant Separate School Division No. 132	MNP LLP	June 30, 2018	See ^{A & B}	Yes
Good Spirit School Division No. 204	Miller Moar Grodecki Kreklewich & Chorney	August 31, 2018	Yes	Yes
Holy Family Roman Catholic Separate School Division No. 140	Cogent Chartered Professional Accountants LLP	August 31, 2018	See ^A	Yes
Holy Trinity Roman Catholic Separate School Division No. 22	Virtus Group LLP	August 31, 2018	See ^A	Yes
Horizon School Division No. 205	MNP LLP	August 31, 2018	See ^A	Yes
Île-à-la-Crosse School Division No. 112	Vantage Chartered Professional Accountants	August 31, 2018	See ^A	Yes
Light of Christ Roman Catholic Separate School Division No. 16	Vantage Chartered Professional Accountants	August 31, 2018	See ^A	Yes
Living Sky School Division No. 202	Holm Raiche Oberg P.C. Ltd. Chartered Professional Accounts	August 31, 2018	Yes	Yes
Lloydminster Roman Catholic Separate School Division No. 89	MNP LLP	August 31, 2018	See ^A	Yes
Lloydminster Public School Division No. 99	Wilkinson Livingston Stevens LLP	August 31, 2018	Yes	Yes

Name of Agency	Appointed Auditor	Year-End Date	PAS+ Participated in Audit	Financial Statements are Reliable
North East School Division No. 200	Virtus Group LLP	August 31, 2018	See ^A	Yes
Northern Lights School Division No. 113	Deloitte LLP	August 31, 2018	See ^A	Yes
Northwest School Division No. 203	Cogent Chartered Professional Accountants LLP	August 31, 2018	See ^A	Yes
Prairie South School Division No. 210	Stark & Marsh CPA LLP	August 31, 2018	Yes	Yes
Prairie Spirit School Division No. 206	Deloitte LLP	August 31, 2018	Yes	Yes
Prairie Valley School Division No. 208	MNP LLP	August 31, 2018	Yes	Yes
Prince Albert Roman Catholic Separate School Division No. 6	MNP LLP	August 31, 2018	See ^A	Yes
Regina Roman Catholic Separate School Division No. 81	Dudley & Company LLP	August 31, 2018	See ^A	Yes
Regina School Division No. 4	MNP LLP	August 31, 2018	Yes	Yes
Saskatchewan Rivers School Division No. 119	Deloitte LLP	August 31, 2018	See ^A	Yes
Saskatoon School Division No. 13	Deloitte LLP	August 31, 2018	Yes	Yes
South East Cornerstone School Division No. 209	Virtus Group LLP	August 31, 2018	See ^A	Yes
St. Paul's Roman Catholic Separate School Division No. 20	Deloitte LLP	August 31, 2018	Yes	Yes
Sun West School Division No. 207	Close Hauta Bertoia Blanchette Chartered Professional Accountants	August 31, 2018	See ^A	Yes
B. Other Crown Agencies, Special Purpose and Trust Funds				
Métis Development Fund	Deloitte LLP	December 31, 2018	Yes	Yes
Municipal Employees' Pension Commission	KPMG LLP	December 31, 2018	Yes	Yes
Municipal Financing Corporation of Saskatchewan	Dudley & Company LLP	December 31, 2018	Yes	Yes
Pension Plan for the Non-Teaching Employees of the Saskatoon School Division No. 13	Deloitte LLP	December 31, 2018	Delayed	Delayed
Saskatchewan Housing Corporation	KPMG LLP	December 31, 2018	Yes	Yes
Saskatchewan Pension Plan	KPMG LLP	December 31, 2018	Yes	Yes
Saskatchewan Professional Teachers Regulatory Board	Virtus Group LLP	August 31, 2018	Yes	Yes
Saskatchewan Research Council Employees' Pension Plan	Deloitte LLP	December 31, 2018	Yes	Yes
Workers' Compensation Board	KPMG LLP	December 31, 2018	Yes	Yes
Pension Plan for Employees of the Saskatchewan Workers' Compensation Board	KPMG LLP	December 31, 2018	Yes	Yes



Name of Agency	Appointed Auditor	Year-End Date	PAS* Participated in Audit	Financial Statements are Reliable
C. CIC, its Subsidiary Crown Corporations & Other Related Entities				
SGI Canada Insurance Services Ltd.	KPMG LLP	December 31, 2018	Yes	Yes
Coachman Insurance Company	KPMG LLP	December 31, 2018	Yes	Yes
Saskatchewan Government Insurance Superannuation Plan	KPMG LLP	December 31, 2018	Yes	Yes
Power Corporation Superannuation Plan	Deloitte LLP	December 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 This entity was amalgamated with Horizon School Division No.205 effective June 30, 2018.

Appendix 3

Samples of Opinions Formed Each Year on Ministries, Crown Agencies, and Crown-Controlled Corporations

The scope of the Office of the Provincial Auditor's audit work includes the Government as a whole, sectors or programs of the Government, and individual government agencies (see **Appendix 1**). *The Provincial Auditor Act* requires the Office to use generally accepted assurance standards published by CPA Canada to carry out its audits (e.g., integrated, performance, follow-up).

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)

We have undertaken a reasonable assurance engagement of [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.

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 internal controls related to the objectives described above. Our responsibility is to express an opinion on the effectiveness of internal controls based on our audit.

We used the control framework included in COSO's *Internal Control-Integrated Framework* to make our judgments about the effectiveness of [Agency]'s internal controls. We did not audit certain aspects of internal controls concerning the effectiveness, economy, and efficiency of certain management decision-making processes.

We conducted our reasonable assurance engagement in accordance with Canadian Standard on Assurance Engagements (CSAE) 3001, *Direct Engagements*. This standard requires that we plan and perform this engagement to obtain reasonable assurance as to the effectiveness of [Agency]'s internal controls related to the objectives stated above. The nature, timing and extent of procedures performed depends on our professional judgment, including an assessment of the risks of material misstatement, whether due to fraud or error, and involves obtaining evidence about the effectiveness of internal controls. 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.

Reasonable assurance is a high level of assurance, but is not a guarantee that an engagement conducted in accordance with this standard will always detect a material misstatement when it exists.

Our audit on the effectiveness of [Agency]'s internal controls 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.

We believe the evidence we obtained is sufficient and appropriate to provide a basis for our opinion.

In our opinion, subject to the limitations noted above, [Agency]'s internal controls were operating effectively, in all material respects, to meet the objectives stated above as of [Year End] based on COSO's *Internal Control-Integrated Framework*.

[If control is not effective in all material respects, describe the risk or significant deficiency, and indicate which objective is affected. The report should state whether the deficiency resulted from the absence of control procedures or the degree of compliance with them.]

This report is provided solely for the purpose of assisting the Provincial Auditor in discharging her responsibilities and for preparing her annual report to the Legislative Assembly of Saskatchewan and is not to be referred to or distributed to any person who is not a member of management or the Board of [Agency], its supervising agencies or the Office of the Provincial Auditor and should not be used for any other purpose. Any use that a third party makes of information contained in this report, or any reliance or decisions based on such information, is the responsibility of such third parties. We accept no responsibility for loss or damages, if any, suffered by any third party as a result of decisions made or actions taken based on information contained in this report.

We have complied with the ethical requirements of the Chartered Professional Accountants of Saskatchewan – *Rules of Professional Conduct*, founded on fundamental principles of integrity, objectivity, professional competency and due care, confidentiality, and professional behaviour.

We apply the *Canadian Standard on Quality Control 1* issued by CPA Canada and, accordingly, maintain a comprehensive system of quality control, including documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

2. Compliance with Legislative Authorities

We have undertaken a reasonable assurance engagement of [Agency]'s compliance with the provisions of the following legislative and related authorities pertaining to its financial reporting, safeguarding of assets, spending, revenue raising, borrowing, and investment activities during the year ended [Year End]:

(List all legislative and related authorities covered by this report. This list must include all governing authorities).

Compliance with the provisions of the stated legislative and related authorities is the responsibility of management of [Agency]. Management is also responsible for such internal control as management determines necessary to enable the [Agency]'s compliance with the specified requirements.

Our responsibility is to express an opinion on this compliance based on our audit.

We conducted our reasonable assurance engagement in accordance with Canadian Standard on Assurance Engagements (CSAE) 3531 *Direct Engagements to Report on Compliance*. This standard requires that we plan and perform this engagement to obtain reasonable assurance whether [Agency] complied with the criteria established by the legislation and related authorities referred to above, in all significant respects. A reasonable assurance compliance reporting engagement involves performing procedures to obtain evidence about the entity's compliance with the specified requirements. The nature, timing and extent of procedures selected depends on our professional judgment, including an assessment of the risks of significant non-compliance, whether due to fraud or error.

Reasonable assurance is a high level of assurance, but is not a guarantee that an engagement conducted in accordance with this standard will always detect a material misstatement when it exists.

We believe the evidence we obtained is sufficient and appropriate to provide a basis for our opinion.

In our opinion, for the year ended [Year End], [Agency] has complied, in all significant respects, with the provisions of the aforementioned legislative and related authorities.

We do not provide a legal opinion on the [Agency]'s compliance with the aforementioned legislative and related authorities.

(The report should provide adequate explanation with respect to any reservation contained in the opinion together with, if relevant and practicable, the monetary effect.)

This report is provided solely for the purpose of assisting the Provincial Auditor in discharging her responsibilities and for preparing her annual report to the Legislative Assembly of Saskatchewan and is not to be referred to or distributed to any person who is not a member of management or the Board of [Agency], its supervising agencies or the Office of the Provincial Auditor and should not be used for any other purpose. Any use that a third party makes of information contained in this report, or any reliance or decisions based on such information, is the responsibility of such third parties. We accept no responsibility for loss or damages, if any, suffered by any third party as a result of decisions made or actions taken based on information contained in this report.

We have complied with the ethical requirements of the Chartered Professional Accountants of Saskatchewan – *Rules of Professional Conduct*, founded on fundamental principles of integrity, objectivity, professional competency and due care, confidentiality, and professional behaviour.

We apply the *Canadian Standard on Quality Control 1* issued by CPA Canada and, accordingly, maintain a comprehensive system of quality control, including documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

3. Reliability of Financial Statements

Opinion

We have audited the financial statements of [Agency], which comprise [the statement of financial position] as at [Year End[s]], and the [statement of operations and accumulated surplus], [statement of remeasurement gains and losses], [statement of changes in net financial assets] and [statement of cash flows] for the year[s] then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of [Agency] as at [Year End[s]], and [insert appropriate wording to describe financial results] for the year[s] then ended in accordance with [insert name of the acceptable financial reporting framework].

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of [Agency] in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

[Insert the following paragraphs if you expect to receive all or some of the other information (i.e., annual report that includes financial statements) prior to the date of the auditor's report and the auditor does not expect to identify a material misstatement of the other information. If you do not expect to receive other information prior to the date of the auditor's report, then there are no reporting requirements. The Other Information section can be removed from the auditor's report.]

Other Information

Management is responsible for the other information. The other information comprises the information included in [X report], but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or any knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with [insert the name of the 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.

In preparing the financial statements, management is responsible for assessing [Agency's] ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the [Agency] or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the [Agency's] financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.



As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 [Agency's] internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the [Agency's] ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the [Agency] to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control identified during the audit.