



STANDING COMMITTEE ON PUBLIC ACCOUNTS

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STANDING COMMITTEE ON PUBLIC ACCOUNTS

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Ms. Vicki Mowat
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Mr. Randy Weekes
Biggar-Sask Valley

[The committee met at 09:01.]

The Chair: — Well we'll get started here today with Public Accounts, the Standing Committee for Public Accounts. This morning we have Ministry of Education before us. I'd like to introduce members of the committee: our Deputy Chair, Mr. McMorris; Ms. Carr; Mr. Goudy; Ms. Lambert; Mr. Michelson; Mr. Weekes; and Ms. Mowat as well.

We have the following items to table here today: PAC 45-28, addendum, Ministry of Advanced Education: Report of public losses for Saskatchewan Polytechnic and regional colleges, July 1st, 2016 to December 31st, 2017; PAC 46-28, Provincial Auditor of Saskatchewan: Fourth quarter financial forecast for the year ending March 31st, 2018; PAC 47-28, Ministry of Finance: Report of public losses, January 1st, 2018 to March 31st, 2018; PAC 48-28, Ministry of Advanced Education: Report of public losses, January 1st, 2018 to March 31st, 2018; Ministry of Health: Report of public losses, January 1st, 2018 to March 31st, 2018; PAC 50-28, Ministry of Education: Report of public losses, December 1st, 2017 to February 28th, 2018.

I'd also like to advise the committee that pursuant to rule 142(2), the following report was committed to the committee on June 7th, 2018: Provincial Auditor of Saskatchewan 2018 report volume 1.

And I'd like to introduce the officials with the Provincial Comptroller's office here today: Terry Paton, Provincial Comptroller; as well as Chris Bayda, executive director for financial services branch.

At this time I'd like to welcome our Provincial Auditor, Judy Ferguson, to the table, and I'd ask her to introduce her officials that are with her today.

Ms. Ferguson: — Thank you very much, Mr. Chair. With me this morning I've got Mr. Kelly Deis. Kelly's a deputy in our office, and he's in charge of the education portfolio which is on the agenda this morning. And behind is Ms. Linda Klassen and Mr. Jason Wandy. Linda and Jason led a number of the work that's on the agenda here this morning. And Ms. Kim Lowe, Kim's our committee liaison. And you'll find that over the next two days she actually does double duty. She's in the health portfolio, and so some of the health chapters is work that she led.

Education

The Chair: — Thank you very much. And at this point I'll ask the auditor to lead us through the consideration of the chapters before us here this morning.

Ms. Ferguson: — Most certainly. So this morning what we're going to be doing is we're going to be presenting each chapter as it appears on the agenda, and then we'll pause after each presentation to allow the committee deliberation. There is three chapters that do include new recommendations for the committee. I'll just draw those to your attention right now. It's the 2017 report volume 2, chapter 21; and then the 2017 report volume 2, chapter 22; and the 2017 report volume 1, chapter 8.

Before Mr. Deis leads us through the presentations, I'd just like to pause and thank the deputy minister and his staff, and also the various individuals of the agencies that are also on the agenda here and their staff, for the co-operation that was extended to us. We greatly appreciate that. It assists us in doing our work.

So without further ado, I'm going to switch it over to Mr. Deis.

Mr. Deis: — Good morning. Chapter 19 of our 2017 report volume 1, on pages 227 to 231, reports the results of our second follow-up of the Ministry of Education progress towards addressing recommendations we initially made in our 2013 audit related to its capital asset planning processes for facilities to house and support educational programs and instructional services for students in school divisions. The committee has previously considered and agreed to these recommendations.

By December 2016 the ministry had implemented three of the five remaining recommendations and partially implemented two of them. It implemented a new process for reviewing, updating, and communicating its capital asset policies and was assessing both capital and non-capital alternatives to capital projects. In addition, it changed its process to no longer require school divisions to finance capital projects.

Also by December of 2016, the ministry had started developing a province-wide capital asset strategy for the pre-kindergarten to grade 12 system. It had plans to monitor the success of the strategy once developed. The Ministry of Education had not yet developed a capital asset strategy to coordinate the overall capital needs for schools in the provincial pre-kindergarten to grade 12 system, or developed or implemented measures and targets to monitor the success of its capital asset strategy across the provincial pre-kindergarten to grade 12 system. And that concludes my presentation.

The Chair: — Thank you very much. At this time I'd also like to welcome officials with the Ministry of Education. Deputy Minister Currie, maybe I'll ask you to briefly introduce your officials with you today.

Mr. Currie: — Good morning, everyone. Tansi. Bonjour. We are pleased to be here to speak to the progress that the Ministry of Education and school divisions are making on the recommendations provided by the Office of the Provincial Auditor. And I would like to thank our school division officials for being here today to answer questions as we go on, and on the progress they've made based on the recommendations identified by the Provincial Auditor.

Joining me today we have Clint Repski, assistant deputy minister; Rory Jensen, executive director, corporate services; Doug Volk, executive director, Teachers' Superannuation Commission. We have Phil Pearson, acting executive director, infrastructure; Kathy Deck, director, finance, corporate services; Kevin Kleisinger, director, student achievement and supports branch. And joining us from Holy Family Catholic School Division, we have Gwen Keith, director of education; and Lisa Wonsiak, the chief financial officer.

The Chair: — Thank you very much. Thanks for the status

updates as well. I just want to say how helpful those are for committee members to note the actions that have been taken as well as sort of timelines towards implementation. Of course, these recommendations have already been considered by this committee. There's a couple that haven't yet been implemented, so I'm just looking to see, to committee members here, if there's specific questions on those recommendations.

Ms. Mowat: — So I want to thank everyone for being here today. It is my first crack at PAC [Public Accounts Committee]. I've been assured by the Chair that he will keep me in line as required. I think that this is a really important committee that has important work to do, so I'm happy to be here.

With regards to chapter 19, I do have a couple of questions for follow-up. I see that in the status update there's talk about the capital manual being created. It's not entirely clear whether it is finalized yet. So I'm wondering has the manual been finalized, and can it be described a little bit.

The Chair: — Thank you very much. And please introduce yourself before you address the committee.

Mr. Pearson: — Good morning. Phil Pearson, acting executive director of infrastructure branch. Our capital manual is about 80 per cent complete right now. We have several sections that are completed, such as strategies for long-term maintenance, preventative maintenance and renewal, major capital processes. However we still have a few sections that are just going through final reviews. We've been working over the last year with school divisions and our infrastructure advisory committee, which provides input on the manual, and are looking to take that feedback and complete the manual.

Ms. Mowat: — Okay. I also note that the ministry has changed the process from last year in terms of the list of total capital requests. So I'm just wondering why we have transitioned from approved projects to requests in that plan.

Mr. Pearson: — I'm sorry, you're . . . Which list you're referring to? Is the . . .

Ms. Mowat: — The 2018 top 10 major capital requests coming out from budget 2018. It has a list of the 10 requests that have been created, but they're being referred to as requests instead of approved projects. So I'm just wondering what the background is on that?

Mr. Pearson: — So I don't think anything has really changed on that. Our top 10 list has been around now for a few years, and it might just be a terminology change. Without seeing it I'm not quite sure, but it's always been the top 10 requests that we've received.

Ms. Mowat: — Okay. Thank you so much. There is a note on page 229 from the Provincial Auditor that the ministry has “. . . drafted a research paper on evaluating the success of its programs.” I'm just wondering if this is a publicly available paper.

Mr. Pearson: — So I don't have that report with us right now. It is something we haven't shared publicly to date. Really the outcome is how we've reviewed our capital programs. But if

it's something the committee is interested in, there's really no reason why it can't be shared.

Ms. Mowat: — Can I ask that it be tabled at the committee then?

The Chair: — There's a commitment there to table that document. Is that correct?

Mr. Currie: — Yes.

The Chair: — Thank you very much. Looking forward to that. Any further questions with these outstanding recommendations? Mr. Michelson.

Mr. Michelson: — Yes. Thank you, Mr. Chair. You had indicated that this capital manual is about 80 per cent complete. I didn't catch if there was a timeline on there. Was it weeks or months that we could expect that?

[09:15]

Mr. Pearson: — I don't have the exact date. It's not more than months away. Our plan is to have it in by fall, but I was hoping to have the exact date here in front of me.

Mr. Michelson: — No, that's fine. I was curious whether it would be waiting another year, or is it ready. But in the fall is fine. Thank you.

The Chair: — Thanks so much. And not seeing any other questions right now, I have one question before we conclude consideration. I'm not sure if you have a number that you attribute here, but we're talking about infrastructure. Do you have a number that would describe the infrastructure deficit, the infrastructure needs, by way of value across the province?

Mr. Currie: — We know the estimated cost of the 10 that are on the list that's already been referenced here. But beyond that, we don't really have a total infrastructure estimate, a deficit number for the province.

The Chair: — Yes, I didn't know if that was something you kept. I know Saskatchewan school boards communicates, you know, a number on this front. I just wasn't sure if the ministry did also.

Without seeing further questions at this time, we've considered all these recommendations in the past, and thanks for the status updates in your work towards implementation. So I'll ask that somebody move that we conclude consideration of chapter 19. Mr. Michelson moves. Agreed. All right, so moved.

We'll move along to chapter 20.

Mr. Deis: — Chapter 20 of our 2017 report volume 1, on pages 233 to 240, reports the results of our second follow-up of the Ministry of Education's progress towards addressing recommendations we initially made in our 2012 audit regarding increasing grade 12 graduation rates. The committee has previously considered and agreed to these recommendations.

The Saskatchewan education sector has two goals related to

grade 12 graduation. It aims to lead the country in grade 12 graduation rates by 2020 by having an 85 per cent, three-year graduation rate, and to reduce the difference in graduation rates between indigenous and non-indigenous students by 50 per cent by 2020.

At June 2011, almost 33 per cent of indigenous students graduated within three years, compared to about 82 per cent of non-indigenous students. At June 2016, almost 42 per cent of indigenous students graduated within three years, compared to about 85 per cent of non-indigenous students.

By February 28, 2017, the ministry had made good progress in implementing the recommendations. It had implemented five recommendations, was in the process of implementing four others, and had not made progress on the other one.

The ministry set short- and long-term targets for increasing grade 12 graduation rates, clearly stated what to measure and how to assess student progress and achievements. It reviewed and assessed each school division's annual reports and publicly reported major reasons for differences in graduations of all schools and school divisions.

The Ministry of Education had not yet: identified practical key strategies that prove effective in Saskatchewan and other jurisdictions to strengthen student achievement and increase grade 12 graduation rates; reviewed each division's action plan or assessed the planned use of key effective strategies before approving the school division's budget for the related school year; required school divisions to report critical risks limiting student achievement to enable the ministry to analyze provincial progress in reducing critical risks; analyzed or reported whether school divisions used key effective strategies that could influence grade 12 graduation rates.

And that concludes our presentation.

The Chair: — Thanks, Mr. Deis, for the presentation. These recommendations have been at this table here before. Thanks again for the status updates. There's various actions that have been taken, and I think on one recommendation there's still a fair amount of work to do. Looking for questions from committee members. Ms. Mowat.

Ms. Mowat: — So thank you again. The trends for persistence to complete grade 12 on page 234, I know that the most recent numbers presented there are in 2016. So I'm wondering if there's an update for 2017 in terms of the First Nations, Métis, and Inuit student success rates for three-year, five-year, and eight-year.

Mr. Currie: — Just for clarification, for 2017?

Ms. Mowat: — That is correct.

Mr. Currie: — Maybe if I could, just for clarification, we're asking for the graduation rates listed from 2017, or are we talking about the 2017-18 school year?

Ms. Mowat: — Just to be consistent with what the Provincial Auditor has reported, it was measured in June 2016, June 2015, June 2014. So I'm just wondering if there's a June 2017

measure that's consistent with that chart on page 234.

Mr. Currie: — Thank you. Thanks for the clarification too. We do have that information, but we do not have it with us. We have what's in the report here, but we can get that for you.

Ms. Mowat: — Okay. That would be great if we could have that information tabled.

The Chair: — And since we don't have it here to be tabled here today, thank you for the commitment to provide that to the committee. Can you make sure that that's sent to — how do we do that? — to the Clerk and then all committee members . . . [inaudible interjection] . . . Send it to the committee. Is that something that could be sent along by the end of this week?

Mr. Currie: — Yes.

Ms. Mowat: — I also see reference to, on page 237 of the auditor's report, the provincial leadership team created a graduate rates leadership team. And I'm just wondering who makes up this team and what stakeholders are involved or consulted?

Mr. Currie: — The provincial leadership team is made up of directors of education from the provincial school divisions as well as First Nations, Métis education authorities. And they come together to attend to the outcomes and the priorities identified in the education sector's strategic plan.

So we have had directors who have identified their interest to serve on a provincial graduation leadership team. And those leaders from the — we call them the PLT, the provincial leadership team — those leaders are looking at ways to establish professional development opportunities, as well as to review the annual information and statistics and data that are realized from the school divisions as to how we respond to those, how we use that information to inform our professional development for the future or a review of practices within school divisions as well.

Ms. Mowat: — Okay. Thank you, Mr. Currie. In reference to the change away from the continuous improvement plans, there is some discussion about how on February 2017, the ministry replaced these plans with action plans. So I'm just wondering how those two different approaches compare. I'm on page 238, sorry.

Mr. Currie: — This is our continued follow-up, where we are working with the school divisions to review their annual reports, their progress to date, and reviewing of promising practices, best practices, areas of improvement, and connections of one school division to another to understand what's been realized elsewhere based on implementation of approaches or conceptual mindsets as they address the graduation rates — successful practices as well as resources that might be considered for those, for that focus as well, for that outcome.

Ms. Mowat: — And my last question. On page 240, right at the end of the chapter, the Provincial Auditor notes, "While the Ministry reviews school division annual reports, it does not analyze the effectiveness of any particular school division actions or strategies." I'm just wondering if there can be a little

bit of an update on the efforts to analyze strategies since the report has been completed.

Mr. Currie: — Thank you. I know that for the last two years, in the fall, we have had our graduation leadership team within the PLT host a graduation symposium. And that's been where the school divisions have come together, representatives from the school divisions as well as First Nations and Métis education authorities have come in to share progress of their school divisions or their education authority as to how they've been doing in graduation. And those practices have been shared, discussed — one might say, debated — and looked at as to how one can take away and use that information.

So there has been a sharing of results. There's been a sharing of practices to achieve those results or to consider other practices so that there could be improvement of results within their respective school divisions. And each school division has constructed a leadership team within its own school division to focus on graduation rates in alignment with the education sector plan.

Ms. Mowat: — Okay, thank you. I don't have any further questions.

The Chair: — Well thanks very much. Thanks for the questions. Thanks for the responses. I have one question here pertaining to the outstanding recommendation from page 238 around critical risks for students, facing students. And it's been identified that the ministry, along with the education sector, have identified some of those critical risks. Could you speak to those?

Mr. Currie: — Thank you. By all means. The critical risks, we see that the grade 12 graduation is a compilation of benchmarks and touchstones earlier, whether they be from the early years work where students are ready when they enter grade 1 to the reading at or above grade levels in grade 3. And we have talked of how we address those significant milestones, benchmarks, and achievements early in a student's education journey so that they can in fact realize graduation.

So we want to set the students up for success in terms of meeting those milestones earlier in their educational journey. And then as we are ongoing, we continue as a ministry to reach out to school divisions and First Nations, Métis education authorities, to meet with them to discuss how they are progressing in terms of their planned strategic course of action as well as how the ministry can work with them to support them in achieving the results that they have outlined and that they have targeted within their own specific school division.

The Chair: — Thanks so much. So one of the critical risks you identified was school readiness and basic literacy going into school. Are there other specific risks that you've identified?

Mr. Currie: — Thank you. As well, we speak to engagement of students, of all students. And we have identified as well, when we look at that, we look at all students within the province, our First Nations, Métis, Inuit students as well in terms of their level of engagement. We are also looking at attendance. We have formed a provincial leadership team component that will be reviewing and speaking to promising

practices to engage students, as well as to look at ways to ensure, work with, enable greater attendance to be realized so that they can be successfully achieving graduation.

The Chair: — Thanks so much. Without seeing further questions, would someone move that we conclude consideration of chapter 20. Ms. Lambert. Agreed?

Some Hon. Members: — Agreed.

The Chair: — So moved.

Moving along to chapter 21 from volume 1 from the 2017 report.

Mr. Deis: — Chapter 21 of our 2017 report volume 1, on pages 241 and 242, reports the results of our first follow-up of the Ministry of Education's progress towards addressing recommendations we initially made in our 2015 audit of its processes to put into operation the pre-kindergarten to grade 12 education sector-wide strategic plan, called the education sector strategic plan. The committee has previously considered and agreed to these recommendations.

The ministry has a leadership and a coordination role in implementing this plan. By February 2017 the ministry implemented one recommendation and was in the process of implementing the remaining recommendation. The ministry was actively assessing school division action plans. It had not yet determined how to communicate its assessment results to foster better alignment of school division action plans with ESSP [education sector strategic plan] outcomes. This concludes my presentation.

[09:30]

The Chair: — Thank you very much. These have been considered by this table before. Looking for questions of committee members.

Thank you for the report again, showing the actions that have been taken on these fronts. And of course there is follow-up with the Provincial Auditor that will occur, for anyone who's watching at home. And then that comes back to this committee.

Without seeing questions, will someone move that we conclude consideration of chapter 21 of the 2017 volume 1 report? Ms. Carr. So agreed?

Some Hon. Members: — Agreed.

The Chair: — So moved. We'll move along to volume 2, chapter 21. This is a new recommendation or new recommendations here.

Mr. Deis: — Chapter 21 of our 2017 report volume 2, on pages 121 to 131, reports the results of our audit of the effectiveness of the Ministry of Education's processes to manage the construction of 18 joint-use schools. This chapter includes one recommendation for the committee's consideration. Through two different P3 [public-private partnership] contracts with the same private sector partner, the government constructed 18 elementary schools on nine new joint-use school sites in four

communities: Saskatoon, Regina, Warman, and Martensville.

We concluded that for the 12-month period ending April 30th, 2017, the Ministry of Education had effective processes to manage this construction phase of the public-private partnership joint-use schools. We made one recommendation on page 130. We recommend the Ministry of Education enforce all reporting provisions of public-private partnership project agreements for which it is responsible. Each project agreement includes specific reporting by the project co.

While the ministry received most of the required reports, it did not receive the monthly equipment and furniture procurement report for either project after October 2015. Ministry officials indicate that they had requested these monthly reports and were aware that they had not received them. The ministry was unable to explain why it was not successful in obtaining these reports.

Under each agreement, the ministry and the related project co. share risks associated with the cost of the agreement. Reporting provisions exist in each agreement to enable timely and appropriate monitoring of the quality of service that the project co. provides. Consistent enforcement during all phases of the agreement is critical, given the 32-year duration of the agreements and the scope of the services provided. Under these contracts, the government expects to design, build, finance, and maintain these schools at a combined cost of \$731 million. These schools were built in June 2017 and are in operation this school year.

The government reported in Public Accounts volume 1 the contractual obligation of almost \$250 million for the future operations, maintenance, and life cycle rehabilitation of these schools.

Not consistently enforcing provisions of the agreements throughout each phase of the contracts increases the risk of not achieving expected value. The government expects to gain a combined calculated savings of \$100 million through their use of this P3 arrangement. And that concludes our presentation.

The Chair: — Thank you very much. Thanks again for the status update on this front. Are there questions from committee members with respect to this new recommendation? Ms. Mowat.

Ms. Mowat: — Thank you. I am noting in the ministry's status update on page 8 that they have identified, in planned actions for implementation based on this recommendation, that the ministry can no longer implement the recommendation from the report. And I'm just wondering what the rationale is behind that statement.

Mr. Pearson: — Yes, so at the time when the recommendation was made, the construction period, I believe, was nearing completion, if not at completion. I believe we were at the end of the construction period, so implementing the recommendation to acquire all documents required through the construction period really just wasn't even . . . isn't feasible at that point in time.

Ms. Mowat: — Okay, so the fact that it was a monthly reporting, but it was the conclusion of the construction period,

am I on the right track? Is that what you're referring to?

Mr. Pearson: — That's correct. So construction had already been completed or was very near to completion at the time, so there wasn't a need to have those reports anymore. At that point it'd be retroactively trying to get them.

Ms. Mowat: — Okay. And so I believe this particular chapter focused on two — was it two? — different projects, if I'm not mistaken.

Ms. Ferguson: — Yes. It's two different projects, but it's the same project company. Just to clarify, the recommendation that we're making is actually levied at all phases, like enforcing the contract through all phases. So we did, when we wrote the recommendation, we recognized that the construction phase was near completion, but we really want to make sure that the ministry has a process in place so it's ongoing monitoring throughout.

Frankly, it's a 30-year contract, right? So it's got to have systems in place to make sure all of those provisions kick in and that they're making sure that it happens over that 30 years. We think that's critical so that the government can achieve the savings that it had said it's supposed to be achieving.

Ms. Mowat: — Thank you. So the ministry has written that they've deemed it implemented. Would it be correct to say that you are disagreeing with that as well?

Ms. Ferguson: — We don't know, frankly, because we haven't gone back and had a look. So you know, so really what we'll be looking at is, like how has the ministry organized itself to make sure that over that duration of the contract that it's clear, they have clear responsibility as to who's tasked with monitoring, that they, the individual or group of the individuals, are conversant with the terms of the contract and the key reporting expectations that they're expecting from project co. so that, you know, they can in fact make sure that the monitoring is occurring over the active basis.

So at this point in time we haven't gone back and had a look. We go back in a two- to three-year time frame, and really it's to give the ministry time to get organized in that regard.

Ms. Mowat: — So going forward, the Provincial Auditor looked at a couple of these different projects, but there were a number of them that have taken place since the Provincial Auditor was looking into this. So what has been the ongoing process for reporting with the existing contracts right now, the ones that were happening this year?

Mr. Currie: — Maybe then I'll start, and then I'd invite the officials to join in. As we've already discussed and known here, the recommendation was made because the ministry did not receive monthly equipment and furniture procurement reports as required. So we do acknowledge our responsibility in enforcing all reporting provisions, and we'll consider this recommendation in future projects involved with this.

Mr. Pearson: — Yes. And I can speak to, I mean in the current phase — yes, it is a 32-year contract — and in the current phase we've got several levels of enforcing and monitoring the

reporting as well as escalation procedures that have been implemented. So while this recommendation is deemed to the construction period, the lessons from that are implemented in the operational phase.

The Chair: — So just to clarify — thanks for that point there — I think it's important because, as noted by the auditor and by the auditor's report, it does detail that this pertains to all phases: construction being one of those phases, maintenance, operation, all those other aspects of the 30 years matter as well. So I think the only . . . We have the report that's been put forward to us saying that since construction period has ended, the ministry can no longer implement recommendation from the report. Fair enough since that period has concluded.

That being said, the recommendation stands for all the other phases. So is it the commitment of the ministry to make sure that this recommendation is implemented for all the other phases for the entire duration of the contract?

Mr. Currie: — Yes.

The Chair: — Thank you very much.

Mr. Pearson: — And I would just add to this that, you know, we do have several touchpoints with school divisions at monthly operational committee meetings where they can bring things forward. We have monthly meetings with our project co. to enforce . . . There's actually a penalty clause related to reporting through the operational phase. So if they aren't reporting accurately, there's actually a financial penalty now imposed against them. Resources are dedicated and assigned to this, so it's very well managed in the operational phase.

Ms. Mowat: — Thank you. I have a couple of other questions based on the report. On page 125 it refers to a number of different construction oversight committees. One of them is a strategic issues committee whose purpose is to "Assist with resolving strategic level issues and risks [and] reports to the steering committee." I'm wondering, has this committee convened to deal with any concerns? And if so, what were the concerns?

Mr. Currie: — Thank you. I know that, with the completion of the schools being constructed and opened, that this committee has been sunset. And it's no longer required as part of the ongoing.

Ms. Mowat: — Okay. And have any issues been raised since the completion with any of the committee members? On behalf of the committee members, like have they raised any issues since the completion of the construction period?

Mr. Currie: — I would say no, not from this committee. We've not had concerns raised.

Ms. Mowat: — On page 126 in figure 3 it talks about the types of risk information tracked and assigned responsibility. Under "Operating risk document — project risk register — operational items," it talks about for example, the objective being "Construction quality not meeting user expectations." Have there been any concerns of this nature reported?

Mr. Pearson: — I would say similar to any new school build. I mean there's always some concerns after a building is handed over to the owners, however I mean with the P3 process none of these have gone unaddressed. Minor concerns are brought forward through the help desk services or through the ministry by school divisions and then addressed by JUMP [Joint Use Mutual Partnership].

Ms. Mowat: — I have no further questions.

The Chair: — Other committee members? Would someone care to move that we concur with the recommendation? Mr. Michelson moves. Agreed?

Some Hon. Members: — Agreed.

The Chair: — It's agreed that we concur with the recommendation no. 1 of the chapter 21 volume 2, 2017 report. Will someone move that we conclude consideration of this chapter? Mr. Weekes.

Mr. Weekes: — I so move.

The Chair: — So moved. Agreed?

Some Hon. Members: — Agreed.

The Chair: — All right. So move along to chapter 22 of the volume 2 of the 2017 report.

Mr. Deis: — This chapter looks at one area that the education sector has identified as a critical risk area. Chapter 22 of the 2017 report volume 2, on pages 133 to 142, reports the results of improving the percentage of kindergarten students scoring within the appropriate early years evaluation range. This chapter includes four new recommendations for the committee's consideration.

Research indicates that during the first six years of a child's life, a child develops basic skills, knowledge, and abilities that the child will build on throughout life. Students who learn more in kindergarten are more likely to attend post-secondary school, earn more, and save for retirement.

We concluded that for the 12-month period ended April 30th of 2017, the Ministry of Education had, except for the four areas reflected in our recommendations, effective processes to monitor improving the percentage of kindergarten students scoring within the appropriate early years evaluation range to meet the sector goal of 90 per cent by 2020.

In our first recommendation on page 138, we recommend that the Ministry of Education more thoroughly analyze data related to the development of students to identify those school divisions whose students are most at risk of not being ready to learn in the primary grades when exiting kindergarten. Each school division has collected a large amount of data about individual students' readiness to learn. The ministry has access to this data. While the ministry has sorted the data in various ways, we found the ministry performed limited analysis to identify those school divisions at risk of not achieving the early learning goal.

Our analysis of the data for kindergarten students for 2015-16

found that other provincial students who were not ready to learn in the primary grades, that is students with spring EYE [early years evaluation] scores in tier 2 or 3, almost two-thirds resided in eight school divisions, and these were both urban and rural school divisions. We did not see evidence that the ministry placed more attention on these eight school divisions even though their success could have the greatest impact on achievement of the ESSP's early learning goal of 90 per cent of students being ready to learn in the primary grades upon exiting kindergarten by June 2020.

[09:45]

Better analysis of data related to the development of kindergarten students would assist the ministry in identifying the school divisions at risk of not achieving their early learning goals and the possible root causes. Not having robust analysis increases the risk that the school divisions and the ministry do not determine or understand the reasons for kindergarten students not being ready to learn in the primary grades.

In our second recommendation on page 139, we recommend that the Ministry of Education coordinate its analysis of action plans of school divisions at risk of not achieving their early learning goal to assist them in increasing the number of students who are ready to learn in the primary grades upon exiting kindergarten. While the ministry reviews whether each school division has planned action towards the education sector plan's outcomes, it does not assess the adequacy of these identified actions.

We found that ministry staff with knowledge required to determine whether these action plans contain adequate actions to increase kindergarten students' readiness to learn in the primary grades were not involved in this review. In addition we found the ministry did not focus on the adequacy of plans of school divisions with higher proportions of students struggling to learn to determine whether the planned actions will address identified root causes, for example lack of student transportation to school programs or perhaps poor oral communication skills in children.

Not assessing the adequacy of plans of school divisions at risk of achieving their early learning goal and not using ministry staff with the subject matter knowledge to do those assessments increases the risk that neither the school division nor the ministry will understand or address the reasons for the lower-than-desired performance of kindergarten students. This could delay putting appropriate actions in place, resulting in future students not being ready to learn in the primary grades upon exiting kindergarten.

In our third recommendation on page 140, we recommend that the Ministry of Education actively monitor the kindergarten programs delivered by school divisions. Contrary to how it monitors school divisions' pre-kindergarten programs where it actively works with school divisions, we found the ministry does not actively monitor kindergarten programs delivered by school divisions. Unlike for pre-kindergarten programs, it does not require school divisions to submit quality improvement plans for kindergarten. Without complete information about school divisions' kindergarten environment and programs, the ministry cannot evaluate whether school divisions are taking

sufficient action to improve kindergarten students' readiness to learn in the primary grades. In addition it does not enable the ministry to identify and share best practices related to kindergarten programs.

In our recommendation on page 141, we recommend that the Ministry of Education take specific actions to assist those school divisions whose students are most at risk of not being ready to learn in the primary grades when exiting kindergarten.

While school division officials we interviewed expressed appreciation of the work of the ministry, they also commented about concerns about the large quantity of guidance provided by the ministry. They indicated school division staff and teachers found it difficult to identify which aspects of the guidance are the core resources.

The ministry also funds various programs and initiatives to help young children; however the ministry does not collect data to enable it to determine whether these programs contribute towards achievement of the education sector plan's early learning goal, and whether it would help leverage these programs in advancing early learning.

Furthermore, while the ministry gives school divisions many supports to assist with early learning, it does not take specific actions to assist the school divisions whose students are at a higher risk of not being ready to learn in the primary grades when exiting kindergarten. Actively assisting school divisions struggling to improve kindergarten students' readiness to learn would reduce the risk of future students not being ready to learn in the primary grades upon exiting kindergarten. That concludes our presentation.

The Chair: — Thank you for the report, and thank you for the recommendations and presentation. Looking for questions from committee members. Ms. Mowat.

Ms. Mowat: — Thank you. Can the ministry elaborate on what actions have been taken since this report?

Mr. Currie: — By all means. Just as a little bit of background context with respect to the performance audit on the ministry processes to monitor kindergarten students' readiness to learn in the primary grades, we've already heard the recommendations that were presented. And we have in fact developed plans to respond to each of the four recommendations in the report. The ministry and the early learning sector have identified the importance of children reading and being ready to learn in the primary grades.

So a few items that have resulted as a . . . come out of the recommendations. Through our early years outcome, which is part of the sector plan, we have intense focus with regards to our outcome team that has spent more and more time on reviewing and analyzing the results that have been realized with our early years evaluation data. We have developed, and looked at developing, a list of schools within the province who have identified themselves, based on their data, as having greater needs or successes in what their practices are in support of sharing that information with other school divisions throughout the province.

We're also looking at, with our school division annual reports, of having specific information surfaced with regards to the early years evaluation and the early years reporting, which was brought up from the auditor before, that we need more attention drawn to this and specificity. So we have that as part of our ongoing commitment to have that incorporated into the annual report, as well as we have biannual meetings that are being scheduled with the school divisions and education authorities to look at the early years evaluation results that they have there.

We also have in these meetings an identification of students of intensive needs that will benefit from more resources, different resources enabling them to be ready for primary grades. And so that we looked at, as our ministry in working with our education sector, to identify the core resources that will assist school divisions and education authorities to work with their instructional staff and support staff to enable students to be as prepared as they can be for the primary grades as well.

Ms. Mowat: — Thank you, Mr. Currie. So in terms of the first recommendation where we're talking about analyzing data, is it correct to assume then that the outcome team is now tasked with analyzing the data in accordance with this recommendation?

Mr. Currie: — They will be part of that team that will do that. That's part of their overall role and function. But as we evolve as a provincial education sector and as a leadership team, we see the benefit and the need to incorporate those beyond that leadership team to get involved as well so that we have greater focus and emphasis on the preparation of children as they enter their primary grades.

Ms. Mowat: — Has there been any changes to staffing or rearranging staffing to make sure that the folks who are analyzing the data have an expertise in that field?

Mr. Currie: — Our outcome team with the education sector plan and the provincial leadership team have reviewed the data over the last number of years and, given the recommendations here found in this report, they have committed to the benefits of resourcing, from an instructional opportunity, of staff that will be having the background, the expertise to prepare the students in those primary grades and preparation of that too.

So I think that what we've . . . I know that what we've realized is a greater understanding of the need and of the benefits and those conversations. And we leave that now to the school divisions to take that back and realize the promising practices and the best practices, have started to look at resourcing as best they can the programs that they have that will prepare students for entry into the primary grades.

Ms. Mowat: — So would it be fair to say that analysis of this data has happened already, or are we still in the planning stages of that taking place?

Mr. Currie: — I'd say that we're in the beginning stages of it. I think that we worked in the past to establish a little bit of a benchmark and a global understanding of this. And so we're in the beginning stages of more intensifying our understanding of it, and forward paths with that information.

Ms. Mowat: — Can you just walk us through what the process looks like in terms of taking the data, analyzing them, and how that translates to the school division just in terms of the logistics.

Mr. Currie: — We are still in the early phases of where we will be. We are preparing school divisions and education authorities of our First Nations and Métis authorities as well to understand the collection of the data, what the data means, and then a developing, strategic . . . moving forward strategies to address those. So we are in the early processes of formulating a greater understanding of it and an approach to it.

Ms. Mowat: — That is fair. Can you speak to why there was limited analysis of the data prior to the auditor's report coming out?

Mr. Currie: — I think that this is . . . I appreciate what the Provincial Auditor has brought forward as, in our attention and review of this, is part of an evolutionary process. When we started the sector plan, it was identified to prepare our children for entry into the primary grades and over time the provincial leadership team has been able to realize indicators as to where we are. And so we've now started to evolve into a greater focus on the significance of our early years, preparation for children for the primary grades.

Ms. Mowat: — Thank you. That certainly makes sense. On page 138 there's a reference to specifically eight school divisions that the Provincial Auditor was talking about needing to be placed more attention on based on some of this data. I'm just wondering what divisions these were because I don't think that's referenced at any point. And maybe this is a better question for the Provincial Auditor.

Ms. Ferguson: — Actually I'm in a . . . Usually what we do is, on these types of findings, as an audit office we don't like to pinpoint certain school divisions. So you know, we'd prefer not to list the school divisions because really the point that we're trying to make here is really a ministry point, that we think that they need to work with those . . . They need to first off identify them themselves and then work with the school divisions to help them overcome the problems.

Ms. Mowat: — And that certainly makes sense to me. I appreciate the clarification as well.

So there's a discussion on page 138 at the very end of the report. It says "However, at April 2017, it was too early to determine whether the risk mitigation strategies were working." In terms of mitigating risks, is there any indication if these strategies are working now?

Mr. Currie: — This is part of the evolutionary process. So they were identified then, and we are into our first year of incorporation of some of that awareness and looking at how the children have benefited from that awareness and preparation for their primary grades. So it's still part of and in the early stages of that evolutionary process.

Ms. Mowat: — Thank you. In terms of guidance that's provided to at-risk school divisions, on page 140 there's discussion about a draft document to clarify best practices. I see

in the status update that it looks like it's partially implemented. I'm just wondering if that . . . It said "It expected to issue this document in September 2017." I'm just wondering if that has been completed, that draft document. I believe that's the lead-up to the fourth recommendation, so it would be page 12 of the status update.

Mr. Currie: — Thank you. We do have the finalization of a response. It's called *Responsive Teaching, Practice & Assessment in Early Learning Programs* and this document has been completed. I believe it has been processed to an awareness of the school divisions so that they can access it as their ongoing needs determine.

Ms. Mowat: — Okay, thank you. And would you be able to provide a brief description of what that document entails?

[10:00]

Mr. Currie: — Thank you. But intimate details of it . . . Supportive, overarching ways and practices that school divisions can address the needs of their children so that they can be prepared for entrance into the primary grades.

Ms. Mowat: — Fair enough. On page 141 we're talking about funding programs to help young children. So it starts on page 140 in the last paragraph. So there is numbers for 2016-2017 and the amounts that were provided. So we're talking about in 2016-2017 it provided 18.8 million to school divisions, regional health authorities, and community organizations for KidsFirst and early childhood intervention programs. How much is allotted for 2017-2018? Do we know what the numbers were for 2017-2018?

Mr. Repski: — We don't have that information with us. But just in conferring with ministry staff, there wasn't any significant change between then and now. I don't have the specifics, but there was no significant change.

Ms. Mowat: — Let me just check my notes here. And the Provincial Auditor had noted that there was no monitoring in terms of program effectiveness. Has the ministry started monitoring these early childhood programs to see how effective they are?

Mr. Currie: — We're still in the initial phases. We have facilitated some one-on-one, ministry personnel meeting with school divisions, to talk in a very global sense as to their approach with the early years preparations and supports. And so we see that as kind of an evolving process to take shape on an ongoing basis in a more specific, detailed format.

Ms. Mowat: — Thank you. I have no further questions, Mr. Chair.

The Chair: — Thank you. We have four new recommendations before us. Are there any other questions at this time? Without seeing any, is there someone prepared to move that a motion maybe concur and progress? Mr. Goudy. Moved by Mr. Goudy. Agreed?

Some Hon. Members: — Agreed.

The Chair: — And so the committee agrees to . . . that we concur and note progress for recommendations 1, 2, 3, and 4 within chapter 22 of the volume 2, 2017 report.

Just before moving along, I do want to say thanks so much to the auditor, as well to the ministry and all those that are involved in this very important work around the primary years and early learning and early intervention, and that analysis of all the impacts of social and economic conditions and the impact on young people and their future. So thank you very much.

We'll move along now to . . . What's our next . . . We'll move along to chapter 17 of the volume 2 report.

Mr. Deis: — Chapter 17 of our 2017 report volume 2, in pages 97 to 99, reports the results of our annual integrated audit of the teachers' dental plan for the year ended June 2017. The Teachers' Superannuation Commission administers this plan. We report that the commission is making some progress in implementing three recommendations we first made in 2008.

In 2016-17 the commission was manually reconciling dental claims approved to claims paid. This is a key step in determining the amount it owes for dental claims. It was looking into automating this step in that it pays for about 55,000 claims each year. Having a reconciliation process is a first step to preparing adequate interim and year-end financial statements. This concludes our presentation.

The Chair: — Thanks for the report. Thanks to the ministry for laying out the actions that they've taken to date. Are there questions of committee members? Ms. Mowat.

Ms. Mowat: — Thank you. Just in terms of the partial implementation, I know that there hasn't been so much time since these recommendations were made but I was wondering if the ministry can speak to where we are at in the process and where we're going.

Mr. Volk: — Good morning. Doug Volk with Teachers' Superannuation Commission. Thank you for the question. One of the reasons why it's been on the auditor's report for a fair number of years is that there was three benefit plans that needed financial statements to have been implemented already. This is our last one and it's a fair amount of data that we have to go through for the dental plan, the data we get from the insurance carrier. In order to have an opening balance for the financial statements, we have to go through three years' worth of data. So 55,000 claims, three years' worth of data — it takes quite a bit.

This past year we've made some progress on it. We're working with our IT [information technology] folks on the system but it's going through the data, making sure the data's in a format that we can use in order to build our reconciliation system, as well as going back to the insurance carrier on some specificities on what the data is and to ensure that will work through of how we want to build it to do the reconciliation.

And that's the key step, as the auditor has indicated, is that once that system is built, then we can use that data to prepare the financial statements. And then once the financial statements are prepared, they would be in our annual report.

Ms. Mowat: — I have no further questions. Thank you.

The Chair: — Thanks to the ministry for being forthcoming with the dental plan and not making it be like pulling teeth here at the committee. Appreciate that. Will someone move that we conclude consideration of chapter 17? Ms. Lambert. Agreed?

Some Hon. Members: — Agreed.

The Chair: — So moved. We'll move along to chapter 2 of the 2017 volume 1 report.

Mr. Deis: — Chapter 2 of our 2017 report volume 1 on pages 19 to 22 reports the results of the annual integrated audits of the 28 school divisions for the year ended August 31st, 2016. The chapter includes two recommendations for the committee's consideration.

We report that the 2015-16 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-five of the 28 school divisions had effective rules and procedures to safeguard public resources. We highlight concerns at three school divisions.

On page 21 we make a new recommendation. We recommend that Holy Family Roman Catholic Separate School Division No. 140 follow its policy for recording amounts — that is, journal entries — in its accounting records, including independent review and approval. During the year Holy Family did not review and approve journal entries. Holy Family's policy requires journal entries to be independently reviewed and approved by another person prior to entry into the accounting system.

On page 21 we recommended that the Northern Lights School Division No. 113 approve and test its information technology disaster recovery plan. At August of 2016 it had not yet tested its IT disaster recovery plan. During 2014-15 Northern Lights had completed, approved, and implemented an IT disaster recovery plan.

On page 22 we make another new recommendation. We recommend that Sun West School Division No. 207 formally document its IT disaster recovery plan. During 2015-16 Sun West School Division had not implemented procedures in place to address how it would continue to deliver its programs and services if disruption or damage occurred to its IT systems — in other words, to its accounting system. In section 5 we summarize recommendations that four other school divisions implemented recommendations in 2015-16. And that concludes the presentation.

The Chair: — Thanks for the presentation. Questions of committee members? Ms. Mowat.

Ms. Mowat: — Thank you. And it's good to see from the ministry's status report that it looks like the first recommendation was implemented immediately, so I won't spend any time asking questions about that. But I am wondering, in terms of the second new recommendation, it looks like there's some holdup in terms of the IT, on the IT side

of it. I'm just wondering what the Sun West School Division, with its IT disaster recovery plan, if that can be . . . if the ministry can speak to the timeline on that as well. It looks like the timeline for implementation's coming out quite soon, on August 31st, so just looking for an update on that.

Mr. Repski: — Thank you for that. Just speaking on behalf of the school division, when we followed up on the status of this implementation with Sun West, they are set to have this fully implemented by the end of August of this year. So when we're having conversations with them, they're working with their support groups, Cisco being one of them as well as SaskTel. So they're perfectly on track to have this delivered by the end of August. They're feeling quite confident they'll be able to deliver on that time frame.

Ms. Mowat: — Thank you. I have no further questions, Mr. Chair.

The Chair: — No further questions? Any further questions with others to the outstanding recommendations or the two new ones? So if we look at recommendation no. 1, I think it's been noted that that's been implemented. I would welcome a motion to that effect, that we concur and note compliance. Ms. Carr.

Ms. Carr: — I so move.

The Chair: — Moved by Ms. Carr. All agreed?

Some Hon. Members: — Agreed.

The Chair: — It's agreed with recommendation no. 1 of chapter 2 of the 2017 report volume 1, that we concur and note compliance. With respect to recommendation no. 2, I think we see substantive actions that have been taken. Would it be fair to say that we concur and note progress? Mr. Michelson.

Mr. Michelson: — I move that we concur with the recommendation and note progress.

The Chair: — All right. Moved by Mr. Michelson. All agreed?

Some Hon. Members: — Agreed.

The Chair: — It's agreed that we concur with recommendation no. 2 and note progress towards compliance. That's the chapter 2, 2017 report, volume 1. Not seeing any further questions at this time for this report, we'll move along to the next one, whatever one that is . . . That would be volume 1, chapter 8, Living Sky School Division.

Mr. Deis: — This chapter looks at one area that the education sector has identified as a critical risk area. Chapter 8 of our 2017 report, volume 1, on pages 99 to 114 reports the results of our audit on the effectiveness of Living Sky's processes to engage grade 7 to grade 12 students. This chapter includes four new recommendations for the committee's consideration.

Student engagement is a provincial priority. The education sector recognizes student engagement is central to improving graduation rates. Saskatchewan systematically measures the level of student engagement. Living Sky School Division operates 24 schools in 14 communities. It has about 5,700

students. Living Sky School Division's overall 2016 three-year graduation rate was 72 per cent with 32 per cent of its indigenous students graduating within three years, slightly below the provincial average of 33 per cent.

The division's grades 7 to 12 survey results of student engagement identified key areas where student engagement was worse than the Canadian norm. Student engagement was an area of focus for Living Sky. We concluded that for the 12-month period ended January 31st, 2017, Living Sky School Division, except for the four areas of our recommendations, had effective processes to engage grade 7 to grade 12 students.

In our first recommendation on page 106 we recommend that Living Sky School Division require its schools to develop clear and timely action plans in response to the OurSchool survey results. The division did not require its schools to submit the required survey reflection forms until halfway through the school year, for example, in February in 2016 and in January in 2017. These forms are to set what action plans to do to address survey results about student engagement.

For the five schools we visited, the schools did not effectively set out clear responses to the survey results in the reflection forms. For example, the school's responses on the forms did not set out specific actions to identify the underlying causes of the results or to address those causes. Also the school division's responses did not include specific time frames for actions.

[10:15]

We found that the division had not reviewed related ministry materials and did not use them to develop action plans. The ministry gave school division materials about administering and responding to survey results, including on action plan templates. Development of action plans in response to the survey results earlier in the school year — for example, in November or perhaps December — would help the division and its schools inform student engagement.

Their second recommendation, on page 107: we recommend that Living Sky School Division and its schools establish interim targets related to OurSchool survey. We found that the division and most of its schools had not established interim targets to focus on improving student engagement. Only one of the five schools we visited had established targets specific to student engagement — for example, 90 per cent of students participating in school clubs, events, and/or activities.

Establishment of targets associated with student engagement survey results would help emphasize the importance of student engagement. Targets provide a clear direction and would communicate to schools how far and how fast improvement is expected. In addition, they are useful in analyzing survey results and measuring progress towards the provincial student engagement goals and strategies.

Our third recommendation, also on page 107: we recommend that Living Sky School Division and its schools analyze the year-over-year OurSchool survey results to inform survey action plans. We found that neither the division nor schools analyze the survey results as compared to the prior year. They focus solely on current year results. Analysis of school results

from one year to the next, at both at a division and a school level, would highlight those areas where school divisions made progress or those areas needing further attention. Analysis at the school level would highlight successful student engagement initiatives and those initiatives not achieving the desired outcomes. This would help students in focusing the resources on initiatives that are making a difference in student engagement and reduce potential for initiative overload.

And our last recommendation, on page 108: we recommend that Living Sky School Division obtain the input of its Elders' council on OurSchool survey results specific to First Nations and Métis students." About one-third of Living Sky students are of indigenous ancestry. While the division generally discusses the survey results with its Elders' council, it does not share specific results with them; rather Living Sky and its schools use varying means to share survey results with the board of education, the board, ministry, parents, and the public. Principals share survey results with teachers during staff meetings and with students and parents through newsletters or school community councils. The board receives the results of the past fall survey annually in the spring.

Sharing survey results specific for First Nations and Métis students with the council would enable the division to seek its feedback and insights. This would lead to potential solutions on bridging the gap and better engaging First Nations and Métis students, families, and communities with the goal of improving graduation rates. Communicating the specific survey results to the council would enable the division to use their input when developing the division's response to the survey results, further engaging First Nations and Métis students. That concludes our presentation.

The Chair: — Thank you very much for the presentation and the important focus on student engagement. These are new recommendations that have been brought forward, a new chapter for consideration. Looking to see if there's questions of committee members. Ms. Mowat.

Ms. Mowat: — Thank you. And I want to thank the ministry for the status update as well. I note that the first two recommendations, the ministry's identified that these two recommendations have been implemented. And I'm wondering if they can provide just a general progress update on how things are going, particularly as it relates to recommendations 3 and 4.

Mr. Currie: — Thank you, by all means. So the school division Living Sky has created an action plan template that was shared with all schools. And the template outlines priority areas, actions, and tasks; individuals responsible for carrying out these tasks in these priority areas; a timeline; as well as establishing or identifying success criteria. And we're pleased to share with you that all schools in Living Sky School Division have completed the action plans. The plans were submitted to their respective superintendents and reviewed at school meetings.

Included in these action plans there's a reference and a recognition to the interim targets which were set around the theme of sense of belonging, and that was the key focus landing on attendance. And so the attendance was included as part of the plans. It's been incorporated into the division's strategic

plan as well as the respective schools', and that has had an impact, as you've referenced, to recommendations 3 and 4 as well.

Ms. Mowat: — Is there any indication that we've seen a change in numbers in attendance as a result of this focus on sense of belonging and a focus on attendance?

Mr. Currie: — Most recently the ministry met with school division senior officials and a few board members who were there as well. And they shared their plan with us and spoke to indicators of success that had been evident as they've had these conversations and these implementations and this direction realized.

One I would like to share with the group here is that there was one where they are working with their respective Elders — as has already been referenced as a recommendation — the Elders, in terms of engagement, attendance, work with our First Nations, Inuit, Métis students as well as graduation, the importance of graduating.

And an exciting initiative that they started, McKitrick School was where they saw the incoming kindergarten students highlighted as their graduates of 2030. And this was also quite shared throughout the division, and is the influence and involvement of the Elders as well, too. So they've set a direction. They've made a commitment in terms of these respective students. And they've put a face to the strategic plan, as well as a commitment, I believe, to the students. And one such example was at this McKitrick School. That was a highlight that was realized throughout the school division.

Ms. Mowat: — Thank you. And presumably on recommendation no. 3, because it's talking about year-over-year results, it's only partially implemented because we haven't had the time for them to review each year. Is that correct?

Mr. Currie: — Yes. So it's evolving. It's an ongoing opportunity to incorporate and provide indicators of progress, according to the strategic plan.

Ms. Mowat: — Thank you for the update. I have no further questions, Mr. Chair.

The Chair: — Any further questions from committee members on this report? I'd like to, just simply to say thanks for the focus here. But I'd also like to recognize Living Sky School Division. I know that division to be a really responsive and committed division, and I know that they have a very diverse student population and region that they serve, rural-urban, and high indigenous population. And I know that division to be one that really looks for partnerships and practical innovation. And certainly, although it's not for this committee right now, but certainly they face funding pressures as well.

I certainly want to thank the ministry for their responses and their work on this front also. I think it's been noted that there's implementations on recommendations 1, 2, and 4. I'd certainly entertain a motion that we concur and note that. Mr. Goudy.

Mr. Goudy: — I concur with the recommendation and note

compliance for 1, 2, and 4, and concur with the recommendation and note progress in no. 3.

The Chair: — Sure, so we'll deal with them both at once like that. That's good. So, moved by Mr. Goudy, does this committee agree that we concur and note compliance with recommendations 1, 2, and 4? And also that as it relates to recommendation 3, that we concur and note progress? Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Okay. So moved. We will move along now to, I believe the last chapter for consideration here today, and that would be chapter 42 in the 2017 volume 2 report.

Mr. Deis: — Chapter 42 of our 2017 report volume 2, on pages 287 to 290, reports the results of our second follow-up of Regina school division no. 4 and Regina Roman Catholic separate school division no. 81 progress towards addressing our recommendations made in our 2013 audit related to improving physical safety of students at school. The committee has previously considered and agreed to these recommendations.

I'm pleased to report that by May of 2017, Regina school division no. 4 and Regina Roman Catholic had implemented all 13 recommendations related to improving physical safety of students at school.

Key improvement included the following: Regina Public had improved accessibility of safety components, for example, eye wash stations and signage. It also assessed physical security, set requirements for air quality testing, and monitored the performance of its safety initiatives.

Regina Catholic had implemented new safety manuals; improved emergency response kits and other safety components; reviewed physical security; provided guidance for placement of safety items, for example, first aid kits; determined its needs for first-aid-trained staff; and set requirements for air quality testing. Its board monitored the performance of its safety initiatives. And that concludes our presentation.

The Chair: — Thank you very much for the presentation. Questions? Ms. Mowat.

Ms. Mowat: — I don't have any questions. Just want to note that it looks like everything is implemented, so I am okay to proceed without asking any questions.

The Chair: — Thanks as well. I'd like to certainly recognize the actions and the leadership of the respective school divisions. I'm just noting here, back into the timelines, Mr. Deputy Minister, I'm wondering if you have any opinions of the director over at Regina Catholic back when these, when there was the good action being taken on these recommendations?

Mr. Currie: — I have a bias, but I'm pleased to see that all the recommendations have been realized.

The Chair: — For those that may not know, Deputy Minister Currie has been well known as an exceptional educator before

his continued leadership in education in the current role, and actually a pretty quick half-marathon runner as well. I know that from first-hand experience.

So thanks to the two school divisions and all involved in implementing these recommendations. I guess at this point, I think we can conclude recommendations and considerations for the Ministry of Education. Certainly I thank Deputy Minister Currie and all the officials that are here today, and also all the partners within the sector, all the school divisions and all the partners that have been involved in this important work and the important work ahead. So thank you very much.

Mr. McMorris: — Can I just make one comment just briefly. In light of having school divisions — and some were here and, for example, Living Sky not being here, coming from La Ronge — if we could maybe work together and find out if you want school division officials at these meetings. Because if we don't, for example, people making a trip from Weyburn and then no questions . . . So I think we can work together in the future because that is not maybe the best use of their time if we're not going to be asking questions.

The Chair: — A very good point. I think that's good for our planning. So thank you very much. So thank you for that. At this time we'll conclude. We'll just move right along, and we'll take a brief recess before we bring the Ministry of Highways before us. Thank you very much.

[The committee recessed from 10:29 until 11:04.]

Highways and Infrastructure

The Chair: — Okay, we'll reconvene the Standing Committee on Public Accounts. And we'll focus now on the Ministry of Highways and Infrastructure. I welcome Deputy Minister Antunes and his officials here today. I'll ask Deputy Minister Antunes to introduce his officials and then I'll turn it over to the auditor for her report. And then we'll go back and forth from there.

Mr. Antunes: — Okay. So I do have some opening remarks. Do you want me to wait until after we . . .

The Chair: — Yes, just hold the remarks right now. We'll have the report and then we'll deal with those then.

Mr. Antunes: — Okay, sounds good. So with me today . . . So I'm Fred Antunes, deputy minister of Highways and Infrastructure. To my right is Blair Wagar, who's the assistant deputy minister of policy, planning, and regulation division. To my left is Robin Litzenberger, who's the director of our commercial vehicle enforcement branch. Behind me to the left is Gary Diebel, who's our director of financial services branch. And behind me to the right is Kelly Moskowy, who's our executive director of corporate services division.

The Chair: — Thank you very much. We'll turn it over to the auditor. We'll deal with each chapter, well sort of one at a time, and the recommendations. I think the first chapter that we'll look at has new recommendations. The other one has outstanding recommendations. So I'll turn it over to the auditor for chapter 7 of the 2017 volume 1 report.

Ms. Ferguson: — Thank you very much, Chair. I'm just going to introduce the officials I've got with me this morning. I've got Ms. Regan Sommerfeld. Regan leads the environment and infrastructure division in our office which includes the highways in that portfolio. This is probably going to be Regan's last committee meeting as she's . . . [inaudible interjection] . . . Oh, you're here? I'll say it today because I remembered. Regan has decided to retire from the office in the summertime, so yes, I guess it's going to be her last set of committee meetings. So I just wanted to publicly acknowledge the work of Regan in our office and serving the public I think too. You know, we certainly appreciate that. We're going to miss her.

Behind Regan is Mr. Jason Shaw. Jason actually led the work that's before us today. And Ms. Kim Lowe is, as I indicated earlier, a committee liaison.

Before we launch into our presentations, we're going to present, as the Chair indicated, present each chapter individually and pause for the committee's consideration. The first one does have recommendations for the committee's consideration. I just want to thank the ministry for the co-operation that's been extended to our office. We greatly appreciate that. Thank you.

Ms. Sommerfeld: — So chapter 7 of our 2017 report volume 1 begins on page 81 and contains the results of our audit of the ministry's processes to enforce vehicle and weight requirements on provincial highways for the 12-month period ending August 31st, 2016.

The ministry is responsible for enforcing vehicle weight and dimension laws on provincial highways. Effective enforcement of these requirements reduces traffic safety risks and costly damage to the provincial highway system. We found the ministry's processes were not effective and we made five recommendations. I will highlight each recommendation and then explain why we made the recommendation.

On page 92 we recommend that the ministry rationalize in writing the nature and extent of its vehicle weight and dimension enforcement activities based on assessed risks. The ministry did not formally assess the risks of vehicle operators not complying with weight and dimension requirements or of not providing effective enforcement. In addition, it could not show whether it carried out sufficient enforcement. Without appropriate rationale for enforcement activities, the ministry is unable to demonstrate the expected level of activity that will create an enforcement presence that adequately responds to risks and deters inappropriate behaviour.

On page 94 we recommend that the ministry complete vehicle weight and dimension enforcement activities as planned. The ministry did not carry out its enforcement activities consistent with its expectations in its annual work plan. The audit found that the extent of actual activities was lower than it had planned. For example, three of six highway officers and supervisors we've tested did between one-quarter to one-half less inspections per year than expected.

Not carrying out planned enforcement activities increases the risk the ministry is not sufficiently enforcing legislation or maintaining a sufficient enforcement presence. Reduced enforcement activities increase the chance of vehicle operators

choosing to operate vehicles that exceed maximum weight and dimension requirements which in turn can increase the risk to public safety and damage to provincial highways.

On page 95 we recommend that the ministry follow its established policy requiring highway officers to report the results of completed vehicle weight and dimension joint enforcement activities. Ministry staff did not consistently summarize the result of joint enforcement operations even though its manual expects them to do so. The ministry's enforcement staff participate in joint enforcement events with the RCMP [Royal Canadian Mounted Police], municipal police, and SGI [Saskatchewan Government Insurance] vehicle inspectors, including both large, joint operations and local blitzes. Not consistently evaluating the results of these joint enforcement activities reduces the ministry's ability to plan for and make informed decisions about the nature, extent, and location of such activities.

On page 96 we made two recommendations. Firstly we recommended that the ministry follow its established transport investigation policies and procedures for completing investigations related to vehicle weights and dimensions. Ministry staff did not properly document their investigations of complaints in all cases nor did they always complete investigations within the expected six-month time frame. Without adequate documentation, the ministry cannot show if an investigation is appropriately conducted and the complaint is resolved. Completing investigations within six months is key as the ministry cannot lay a charge for an infraction after six months.

In addition, we recommended that the ministry 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. As the ministry did not formally assess the effectiveness of its enforcement activities or determine whether it completed them consistent with its work plan, it did not provide this information to senior management. Without such reports, it is difficult for senior management to monitor the effectiveness of enforcement activities and make decisions to adjust activities accordingly.

That concludes my presentation.

The Chair: — Thanks for your presentation and, Regan Sommerfeld, thanks for your service to the people of the province. I wasn't aware this was your final two days so thank you very much.

I'll pass it over to the deputy minister. I think wanted to have some brief opening comments and then we'll get to questions. I wanted to thank you as well for the action plan. That's the report that's been provided to us. It's really helpful to see the actions. I see that there's been a lot of work and that there's implementation of a lot of these recommendations already.

Mr. Antunes: — Thanks very much. I appreciate the opportunity to be here today. You know, the ministry values the input of the auditor and her office, and we always strive to fully implement all the recommendations that are made. So I'd just like to take a few minutes to update the committee on the

progress we made on implementing these recommendations from last year's integrated audit, and also later on about the performance audit that's been done on the ministry.

So four of the five recommendations have been fully implemented and the one outstanding recommendation will be completed by this fall, you know, and that's the one about following established transport investigation policies and procedures for completing investigations. So that's the one that will basically be implemented in October, as we're making . . . We're transitioning to a new model for conducting investigations so it's going to be a different organizational structure to be able to conduct these investigations. So we won't have separate investigators anymore. All of the officers will be doing investigations, and they'll have the formal processes to be able to carry those out.

I think it's also important to note that at the same time that the performance audit was undertaken on our commercial vehicle enforcement group, we identified the same concerns that the auditor found through our internal quality management processes, and through these processes we undertook a fundamental restructuring of the commercial vehicle enforcement branch. So at one time we had kind of a regional model where we had the enforcement officers reporting to people in our three regional offices. That's changed. We've actually moved them all so that all CVE [commercial vehicle enforcement] functions now report to one individual in CVE, our director of CVE, Robin Litzenberger who's our chief of police. Because a provincial model has been deployed for . . . And now we've got that provincial model that's been deployed for all CVE functions and activities.

And while this work was going on, one of the other changes that's happening is that the CVE unit is going to be part of the provincial response team or the PRT [protection and response team]. So that's been going on over the last year, and involvement in the PRT significantly changes the duties of our CVE officers and is requiring a further review of our policies, processes, and practices. And as part of the participation in PRT, we've also decided to pursue accreditation through the Commission on Accreditation of Law Enforcement Agencies, also known as CALEA. So CALEA accreditation will ensure that our written directives, training, and reporting are in line with the best practices for law enforcement agencies across North America.

The combined result of our own restructuring, the CALEA accreditation, and the auditor's recommendations will be a more effective, results-driven, and accountable enforcement for vehicle weights and dimension regulations, and I look forward to having any . . . answering any questions you might have.

The Chair: — Thanks so much. Questions? Ms. Mowat.

Ms. Mowat: — Thank you very much to you, Deputy Minister Antunes, for his introductory remarks, and I do also want to echo the notes of the Chair that it seems that most of the recommendations have been implemented and that good work has been done in putting these recommendations into fruition.

[11:15]

So I do have some questions with regards to issues that have arisen in this chapter as they relate to the recommendations. Firstly there's a note on page 81 about the 2015-2016 spending of the CVE branch being \$5 million in enforcing commercial vehicle regulations including weight and dimensions. Are there numbers for the 2016-2017 and 2014-2015 that we can be using as comparables to see where we're at?

Mr. Antunes: — Yes, so the budget has stayed the same.

Ms. Mowat: — Okay, thank you. Turning to page no. 83, there is . . . I guess the second paragraph from the bottom, the ministry estimates that it spends at least 10 million each year to repair damage caused by overweight vehicles to provincial highways. In 2015-2016 the ministry spent a total of 140.9 million on provincial highway repairs. Is there a number for the 2016-2017 spending on these repairs?

Mr. Antunes: — In 2016-17 it was \$144.1 million, as referenced in our annual report for 2016-17.

Ms. Mowat: — Thank you. Thank you for having that so quickly available as well. And in terms of the spending for 2010, do we have an idea of how that compares?

Mr. Antunes: — How much we spent on preservation in 2010?

Ms. Mowat: — Yes.

Mr. Antunes: — I don't have that number with me, but we can provide that if you like. It would be in our annual report.

Ms. Mowat: — Okay.

Mr. Antunes: — This is surface preservation subvote is where these expenditures are classified in the expense budget. So that would be in our annual report. We can provide that information.

Ms. Mowat: — Okay. Yes, that would be great. I'm just . . . In terms of the Provincial Auditor's report, on that page there is some reference to comparing the number of registered vehicles from 2010 to 2014. So we'd just like to be able to align everything in terms of where we were at in 2010 as well.

Mr. Antunes: — Yes, we can provide that information.

The Chair: — Thanks. And just to follow up, thanks for the commitment to provide that information. It's pretty straightforward information. Just getting it on the record, you've committed to doing so. Would you be able to have that to the committee by the end of the week?

Mr. Antunes: — Yes, it shouldn't be a problem. Sure.

The Chair: — Thanks so much. You can send it through to the Clerk.

Ms. Mowat: — My next question relates to information on page 87. So in the second-last paragraph it's talking about the ministry entering into agreements ". . . with operators of large vehicles with a business need to routinely haul overweight and/or over-dimension loads . . . [allowing] these operators to haul overweight and over-dimension loads over specified

routes. In return [for this] the operators agree to compensate the Ministry in part for the damage they cause. In 2015-16, the Minister charged these operators \$1.5 million and spent \$0.7 million on related provincial highway projects." Do you have the related numbers for 2016-2017 just to update us?

Mr. Antunes: — Yes, so we don't have the specific number on the surface on the amount that was collected from the trucking partnerships, but I can tell you that in 2016 there are financial statements for the Transportation Partnerships Fund. We collected \$1.9 million of transportation partnership revenue. That \$1.9 million though would've included some other revenue that wasn't related specifically to these transportation, to trucking, related to railways I believe. So there's a small amount in there, but it would be, you know, kind of . . . So it'd be between the 1.4 and \$1.9 million.

Ms. Mowat: — Okay. Thank you. On page 88 so there is in the third paragraph there's a discussion about the number of employed individuals in the CVE branch that operated in the North and South. So it said "It equipped its regions with 32 Highway Officers, 7 transport investigators, 10 weigh scale stations, and 3 remote vehicle inspection stations." So giving us kind of a rundown of what the branch looked like in 2016, how does this compare to the CVE branch back in 2010?

Mr. Litzberger: — Yes, there was a higher number of officers in 2010. I don't have the exact number but the number was greater. And then through retirements and vacancies, the number decreased. And this is, as you've said, the number for 2015-16. And now in our current status it has changed again given the new duties and responsibilities, so it's an evolution into the new role. So there has been some more vacancies this year, but we're in the process of starting to fill them as well.

Ms. Mowat: — Would you have a rundown on what the current status looks like of the branch, then?

Mr. Wagar: — Yes, I can help with that. So it's quite consistent in terms of the numbers. The distribution might have shifted a little bit in terms of where we have staff. So there is about 59 positions that we have. As Robin was saying, a number of them are vacant right now just because of the transition that we're going through. So of that 59, we have five that are considered headquarters, which includes Robin and some of the regional manager leadership. In the southern region we have 25 positions. Again one regional manager, four supervisors, and 21 officers on the road. In the north region we have 24 positions. Again one regional manager. There is three supervisors there and basically 20 officers. And when we say regional managers, supervisors, and officers, all those are officers. They just have a little different role.

So officers, the higher number, the 21 and 20, are on a daily basis, you know, on the road doing the actual enforcement work. Supervisors are also on the road but they have additional responsibilities in terms of looking after the officers themselves, and some of the work planning, and some of the work that the auditor had recommended around where do we spend our time and why, kind of taking that risk approach. And then the same with the regional manager in terms of having that overall responsibility. So that's how we're structured now.

So if you look at the table in the report, it would look very similar in terms of locations. There may be some locations where we've combined, so we may not have every detachment anymore. But for the most part, we are trying to cover the network in the same way.

Ms. Mowat: — Thank you. And in terms of the number of highway officers versus number of transport investigators, those would be folded into one category now, is that correct?

Mr. Antunes: — Yes, that's correct. Going forward we decided . . . As we've gone into the provincial response team, we've decided to basically not have an investigator category, so all the officers will be trained on doing the investigations. So they'll carry it through right to the very end.

Ms. Mowat: — Thank you. And in terms of the vacancies that exist in some of the 59 positions right now, are those vacancies intentional until the new model is up and running? Or is this just as a result of people leaving?

Mr. Antunes: — No, it's a result of people leaving. So you know, I think the . . . We've had some issues with, you know, actually recruiting people into the organization, and we've had a fairly high turnover. But now moving into the provincial . . . Because a lot of people actually come into the commercial vehicle enforcement group because they do want to get into law enforcement. So they come in, use us as a stepping stone, and eventually go off and, you know, they end up in a police force somewhere.

So now that we're into the provincial response team, you know, we've looked at salary structure, made some changes to that so it's more competitive with police organizations. And we've also, you know, gone through the screening process to make sure that as we're going through this, that everybody who's qualified to carry . . . only people that are qualified to carry weapons and can carry out those duties exist.

So we've lost a number of officers that, you know, previously were with us. They're not going to be carrying, going forward. So we're in the process of recruiting all of the, you know, recruiting the vacancies. So it's not planned. It's just going through and trying to hire people. And to give you an indication of how difficult it is, you know, we had I think it was 220 applicants and we were able to screen in three people. So it's a very difficult thing to get people that are actually interested in doing this type of work.

Ms. Mowat: — Thank you. Changing topics a little bit, on to page 91 of the auditor's report. There's some discussion near the top of the page about commercial truck operators advising other truck operators that are travelling along the same route when the weigh station is open, and the fact that there's increased traffic on grid roads after that sort of call goes out. Just wondering what has been done to address this situation, which is obviously a complex one to be able to manage.

Mr. Litzenberger: — So it comes down to a resource issue when we're doing those types of activities. So if we have, say, a weigh scale open on a particular highway and, as you said, the word goes out either through the radio — and they've been using social media now to notify each other — some truckers

will just pull over at a location and sort of wait us out, and others will try to stay on their schedule but use an alternate route.

So if we become aware, like we can see a trend of the traffic decreasing, we may . . . We leave it up to the officers' discretion too, because they're the best ones to make that decision. They may choose to leave the scale building and start patrolling those areas. If they have co-workers that are there, that have the ability then to go and check the other locations, they will do that. Sometimes if we're setting up a larger blitz activity we will schedule an officer to do just that, specifically to try and catch and deter that activity.

We also have asked neighbouring law enforcement agencies to keep an eye out for that, and if they detect that to let us know that it's happening and where it is. And then if we're able to, we'll go out to that location and try to address it. But given our road structure, there's a lot of alternatives to the main highway.

Ms. Mowat: — Thank you. And it sounds like it's on a case-by-case basis, like there's not a formal process in place for when something like this is detected. It's problem solving and ingenuity.

Mr. Litzenberger: — Correct. Yes, it has to be case by case, at the time, at the moment. You have to make the assessment as an officer. Is there more value for me to close down the scale while I still have a good volume of trucks coming through, to go and catch possibly one or two? Or you know, has the traffic slowed down so much now on the highway that I will close down the scale and I will go to those alternate areas to check out? So it's really . . . We leave it up to the officer because they're the best ones to make that judgment.

Ms. Mowat: — In terms of that process, if they — I think we were using the word catch — if they catch someone who is evading or using an alternate route, is the process just to get them to report to the weigh scale after that? Like is that what happens?

Mr. Litzenberger: — Well there's a couple things can happen. If they take an alternate route that doesn't allow for the weight that they're hauling, then they would receive an overweight violation right then. If we can determine that they were intentionally bypassing, there's a ticket for that. And depending on the circumstances, we may use that alternate that you mention, where we have them report to the scale, and we'll run them over the scale and do a broader inspection if deemed necessary. So there's various alternatives.

Ms. Mowat: — I imagine it's difficult though to prove that someone was intentionally bypassing a route.

Mr. Litzenberger: — Well it goes, if their point of origin is here, and they're going to this location, and this highway is the A-to-B point, and they're really going out of their way, that's a strong indicator that they're trying to bypass.

Ms. Mowat: — Fair enough. Switching gears again here a little bit and talking about the impact of the Regina bypass route, it's noted on the same page there that the Regina bypass reduced the number of weigh scales by one, and there's no indication

that there's a plan to replace it. Is there any plan now to replace that station?

Mr. Antunes: — One of the things that actually is going to be part of the Regina bypass is increased use of technology to help us detect vehicles. So we're going to be putting in place intelligent transportation systems. Specifically, there's going to be a weigh-in-motion system that will detect weight as trucks go over it. And it will also have the ability to take photographs of the different licence plates so that you'll be able to see who the vehicle is if they're overweight. So we'll get that report information back.

So we're kind of using technology to help us catch people that we might not otherwise catch, and then we can take them either to the one weigh scale, or we can follow up with an officer and investigate them. So at the present time there's no plan to replace that weigh scale, but I think we're looking at using more technology with this weigh-in-motion technology to be able to detect people that are breaking the rules on overweight vehicles.

Ms. Mowat: — That sounds really interesting. What is the time frame for something like that to be up and running?

[11:30]

Mr. Antunes: — So the Regina bypass is going to be completed at the end of next year, so October 2019, so it will be in place at that point.

Ms. Mowat: — Thanks. And what would the cost of this weigh-in-motion project . . .

Mr. Antunes: — So I think the entire . . . I don't have the exact number just for the weigh-in-motion approach but, you know . . . and we don't know what the total cost is because it's rolled into the Regina bypass design builder's contract. But it's in the order of around 4 to \$5 million roughly for the entire weigh scale, you know, that whole ITS [intelligent transportation system] package. But we can't break out individual items because we don't know how much they bid for that work. That's kind of our estimate of what the cost was.

Ms. Mowat: — Okay. Okay. On page 94 in reference to the second recommendation, in the lead-up to that, the auditor notes:

Not carrying out the expected amount of enforcement activities increases the risk that the Ministry is not sufficiently enforcing legislation or maintaining a sufficient enforcement presence . . . This in turn increases the risk to public safety and damage to provincial highways.

Just in terms of the best practice targets, have they been met for 2016-2017?

Mr. Litzenberger: — Not the year of the audit but in the following year we continued to put out to the officers in their work plan what the recommended best practices and the division between patrol and weigh scale. So it's typically, it averages out to about a 70/30 per cent split.

Now for that fiscal year we didn't achieve the exact target. We had 63 per cent of our time on patrol and 36 per cent of our time at the scale. And the variation that we would explain in terms of, as we were having earlier discussion, is the discretion of the officer and to remove himself or put himself in or out of a scale and patrol situation. So we don't want to be locking ourselves into a strict meet-a-target number when there's other requirements to do enforcement at an alternate location. So we are trying to achieve the best goal in terms of that split of time, but we do allow flexibility.

Ms. Mowat: — Okay. In terms of the third recommendation — I just want to make sure I'm in the right place here; yes, the joint enforcement activities plan in producing a list — I'm just wondering in terms of the reporting form . . . So the recommendation for no. 3 was:

We recommend 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.

Can the ministry provide an update on how this has been implemented?

Mr. Litzenberger: — So what we do in regards to that, those can be planned at the management level or they can be planned at the officer level with local law enforcement. Any time that is conducted, we have them use the focused activity report form. So in there they will state where the location is, the intent, who the participants are. And at the end of the activity, the statistics are compiled and put on there. So it lists the number of vehicles stopped, the configurations in terms of commercial vehicles, whether they were commercial or a farm vehicle, the weight enforcement and dimension findings on them, and any tickets that were issued.

The municipal and the RCMP, when we do joint enforcement with them, they don't typically conduct any aspect of enforcement on a commercial vehicle. Their basic training doesn't provide them the extensive commercial vehicle knowledge that we have. However we have some former CVE officers who have joined those forces, so they will tend to come out and operate with us, and then they have that ability to do commercial vehicle enforcement.

But typically an RCMP officer and a municipal officer, even if they were one of us in the past, they aren't equipped with portable scales. So they won't be doing any portable scale enforcement on the roadside; they'll focus on driver's licence and typical traffic violations and safety protocol for private vehicles.

Ms. Mowat: — So the Provincial Auditor had noted that when the report was completed, there was no focused activity reports for most events on the list, but it was provided with a list of joint enforcement events. So has this changed now, so that these forms that are being completed will provide more detail of what those joint activities are?

Mr. Litzenberger: — Yes. So at the end of the event they're turned in to management, and management keeps a record of the file. And you know, we can tally that up and say we did this

many activities. The main ones that are planned throughout the year, for example, is the STEP [selective traffic enforcement program] program, which is organized by SGI. We participate in that. That wraps up all the statistics for not just our agency, but the RCMP and any other agencies. So that's one focused activity that's province-wide participation at a specific location.

So we have that in our plan, but the focused activity report form is strictly for our own agency, where we initiate and/or participate with another law enforcement agency. So Regina traffic services may invite us out to an event that they're having just out, say on the outskirts of the city. So when we participate in that, we document it in those forms.

Ms. Mowat: — Thank you. On page 96 now, the Provincial Auditor notes:

The Ministry and SGI consider weight and dimension violations as non-critical under the inspection guidelines. Because they are non-critical, they do not impact commercial carrier safety ratings and do not impact insurance rates for commercial carriers.

And in terms of repeat offences not impacting safety ratings or insurance rates, have you considered using this approach to incentivize compliance?

Mr. Wagar: — So there's kind of two key mandates, I think, that the CVE has. One is on the, kind of, safety fitness of the driver in the vehicle. And that's the information that's of most importance to SGI and how they think about setting rates. The other mandate that the ministry has is on the weight and dimension side, which is really more of an impact on the infrastructure. There may be some safety elements to that, but for the most part the safety elements are very, very minor. So they aren't as strong of interest to SGI in some of the programs that they run.

So that's kind of how I would differentiate the interest. Our officers at roadside have both of those mandates, so to speak, on their belts. So when they're looking at a vehicle, they're not only looking at the weight and dimensions elements, but they're looking at, is the driver in compliance from the hours of service? Are they properly licensed? Do they have all of their qualifications around dangerous goods? So that's kind of a list that they go through.

Then they would look at the vehicle fitness — are the brakes adjusted, all the lights are working — all of that stuff in terms of the safety elements. And then they would look at from a weight perspective. Is there anything that suggests that that vehicle might be overweight or not? If it is, then they would get the portable scales out to weigh, to determine whether or not they would have to issue a charge.

So all of that work is what CVE does. And then the PRT is another bolt onto some of that, that we would add that lens to when we're looking at that particular vehicle at roadside. So there's a lot of things that they look at, but not all of those things necessarily are of interest in the same weight, I would describe, when SGI looks at that and classifies that data.

What I just described on the driver and vehicle side, it's called a

Commercial Vehicle Safety Alliance. It's a North American standard that whether a truck is in, actually whether it's in Mexico, whether it's in anywhere in the US [United States] or in Canada, it's the exact same roadside inspection. We're members of CVSA [Commercial Vehicle Safety Alliance], and our officers are trained in CVSA. So that inspection that they do, it does end up on SGI's carrier profile and it does impact their safety rating at the end of the day, that company.

Ms. Mowat: — Thank you. I was just looking back into the report on page 94, and I'm noticing that the Provincial Auditor is talking about how this in turn increases a risk to public safety. So I was just wondering if someone could just expand on that piece, just above recommendation no. 2 on page 94. We're looking at a different piece, maybe.

Ms. Ferguson: — So basically the focus of that section of the report, what we were looking at is the extent and the type of enforcement activities that the ministry was undertaking. And so you know, in their judgment, as indicated by the officials this morning here, is that they have plans and targets as to the extent of patrolling that they're doing, the extent of use of the weigh scales. Obviously there's some discussion in that, you know. And so what we were doing there is comparing what they had planned to do as opposed to what was actually happening. And we found on all fronts they were not carrying out enforcement activities to the extent that they had planned.

And so we're saying that, in the ministry's judgment, they're saying this is the amount of enforcement activities we need to do. So if you do less than that, you know, there's a risk that you're going to have vehicles on the road that are over-dimension and too heavy, which can cause safety to the public in terms of stopping distances and then also road damage. And road damage in turn can cause safety concerns.

Ms. Mowat: — Thank you. So in terms of this potential for risk to public safety with having overweight and over-dimension vehicles, what I'm hearing is that the ministry's not really looking at this as an area that should be impacting safety ratings or insurance rates through SGI. I just want to make sure that I'm clear on how all these pieces are fitting together.

Mr. Antunes: — So I think there's two key components, right? So this chapter talks about, you know, our compliance with provincial weight and dimension regulations. So that's one component of what the officers do. So they basically take out the scales and they look at, you know, are the trucks overweight.

The other part that Blair talked about, about the Commercial Vehicle Safety Alliance inspections, that more directly impacts public safety. You're right that, you know, if you've got a truck that's heavier, it's going to take longer to stop. So there is, you know, there's a marginal increase in risk for the public in terms of a vehicle being able to stop in time.

But the Commercial Vehicle Safety Alliance inspections that we do is really more the focus of trying to improve public safety, to make sure you've got vehicles that are, you know, they don't have faulty brakes. Their tail lights don't work. Checking the drivers to make sure they're actually only working the number of hours that they're supposed to work in a

week. So those types of things definitely impact the safety ratings, as Blair indicated. So our officers do both of those functions. So they have targets for the commercial vehicle safety inspections as well as for vehicle weight and dimension enforcement. So we've set those targets, making sure that we can detect and keep these types of vehicles off the road.

Ms. Mowat: — Okay, thank you. And going into section 4.7 on page 96, talking about documentation of investigations, there's a note here that from September 2015 to August 2016, CVE staff completed 22 investigations. I'm wondering during that period of time how many complaints would have been launched overall that led to those 22 investigations.

Mr. Litzenberger: — No, don't have that data at hand. And I don't know if, in the previous management records, that would've been retained.

Ms. Mowat: — Is there a sense overall of, like anecdotally, is there a sense of what that proportion looks like of the complaints that are issued versus the investigations that take place?

Mr. Litzenberger: — I would say it's, a high ratio of complaints that come in, a lot of them are about, you know, a truck driving on a road or operating in a manner that the complainant didn't feel was safe or proper. So the amount of complaints that actually result in a full-fledged investigation, the ratio would be high. So it's not like one investigation per complaint by any means. It would be, it could be anywhere, you know, 30 complaints to initiating an actual full-fledged investigation.

Mr. Wagar: — So I think it may be around how you define investigation. So when we get a number of complaints — and again I'm not sure off the top of my head what the number of complaints we would receive — but each complaint we get, if you would define an investigation as an officer going out and responding to that, because sometimes a complaint just means we go out and do a patrol in that particular area or visit a company, have a discussion, and maybe we find some issues there and try to correct the behaviour or the action just through some conversation.

So complaints are responded to, I would say. All of them are, if we can. Sometimes we're able to find violations and sometimes we're not. Then when we look at investigations here, which we talked about at the beginning, we're completely changing the way we do investigations. That's where we would specifically identify a company and we would send an investigator into that company — actually very similar to what the auditor did with us — and we would spend a lot of time going through their records, comparing their records to the legislation, looking at historical weigh tickets and stuff like that. And we would compare that to the legislation, and if we find violations through that audit — I would describe, that's almost a way of describing it — then we would take action.

[11:45]

So that's kind of how we think about investigations. And I think what the numbers are down here, so every complaint doesn't result in a full-fledged kind of audit investigation. But they're

always responded to in terms of us trying to address the problem.

Ms. Mowat: — Thank you. In terms of this particular section, the Provincial Auditor is talking about significant complaints. The ministry tracks significant complaints and identified that there were 22 investigations identified through the province-wide database. So can you provide some background on what the definition of complaint would have been for those investigations, or what the definition of investigation would have been for those particular instances?

Mr. Litzenberger: — Yes, so as Blair had mentioned, there's a process to get to the point where you actually go into a company and request the records and review the records and come up with violation charges. So we get through our inquiry line or phoning to the scale and talking to a traffic officer, somebody will be complaining there is a truck hauling on their road or somebody is driving in an unsafe manner or the load looks insecure. So those are the ones if we're able to, we will go to that location and see. A lot of times the event has already gone by and was a one-off, so we'll never see that incident that happened.

But if we come across where there is continuous hauling going on — let's say there's a specific event happening and there's multiple trucks hauling — or we find through the complaint that this company in particular on a consistent basis is hauling in violation, then we initiate what we refer to as an investigation. And then that's where we would request the documents, do an audit on those documents, and assess what the violations were and render tickets to that company.

But if it's just a complaint and it's about a truck speeding, and we go out there and it's somebody that's doing five loads, let's say, and that would be the end of it on that road but we happen to intercept them, then we'll address it like we would with any other truck operating on the highway. We'd deem what the violation is and give them a ticket on site for that. But it wouldn't go into what we refer to as an investigation.

Ms. Mowat: — Thank you. If we move to recommendation no. 4, which is just at the tail end of what we're talking about here, this is the recommendation in the chapter that hasn't been implemented because of moving toward a new model. I'm wondering if you can elaborate a little bit on what that new model looks like and how it is believed to satisfy this recommendation in the future.

Mr. Litzenberger: — Sorry, can you just clarify which . . .

Ms. Mowat: — So just on the status update, recommendation no. 4.

Mr. Litzenberger: — Oh, yes.

Ms. Mowat: — And then the planned actions for implementation.

Mr. Litzenberger: — Yes. So for the investigations, we're moving, as you mentioned, to a new model where now every officer will have the ability and responsibility to do an assigned investigation. That gives us a broader coverage throughout the

province. So we'll operate more so like a police force would use, with any general duty officer will be assigned the file and then they would conduct the investigation.

It may either be assigned to them or it may be self-generated, because they're the ones responding to the complaint. So they would find the activity, identify the subjects who were in violation, and they would then either deem to proceed with a further investigation or put the findings that they have to their manager, and their manager would direct them to then do a more full-depth investigation.

Ms. Mowat: — Thank you. And shifting to this new model, is it the result of the engagement with the PRT or is it a result of the Provincial Auditor's report? Or are those two things?

Mr. Litzenberger: — It's a combination of various items. Previously our investigators didn't do any on-road enforcement. They purely did the office-type investigative audits and they were in various locations. That took up positions and it didn't allow us the flexibility, in times of need, to have them augment our on-road enforcement. So we were already moving partially from what the recommendation from the auditor . . . but also in resource allocation and best use of our resources we felt it was better to have those people have the ability to assist on on-road enforcement, also to augment the staff that are operating the weigh scale, and to be able to fully participate in blitz activities. So that way it would increase our total number of officers available for on-road enforcement.

Ms. Mowat: — In terms of the new guidelines that will be established for traffic officers to utilize while conducting investigation to ensure they're meeting best practices and judicial procedures, is there a . . . Are those new guidelines going to contain some requirement for documenting, further documenting investigations? It strikes me that that is one of the pieces that the Provincial Auditor has identified.

At the bottom of page 96 . . . Not having properly documented investigations decreases the ability for supervisors to follow up. Not completing them within six months, the ministry can't lay a charge, like issuing a fine for the infraction. So is there a belief that these new guidelines will correct these behaviours, I guess?

Mr. Litzenberger: — I guess. So the guidelines are, you know, they were in need of review to update with current practices and court requirements, etc., to make sure that we're meeting the most current practices both in law enforcement and in court procedures.

But what we're also in the process of is the provincial records management system. So that will have every incident that we are involved in recorded in that system. It's a system that's used by all law enforcement agencies — municipal, RCMP, for example — and in there you have your . . . your incident is recorded at the first stage and then it's put into the records management system. It may . . . At that point, the officer reports a ticket issued and then that's the end of it.

But if we initiate an investigation . . . And we're working with the vendor and the provincial team that's putting this together to format it for investigation. So the investigation will be initiated. All the evidence and documents will be put into this records

management system. The supervisors and managers are obligated to track the progress with it. You can set diary dates and alarms for key points in there, and all of that will be recorded in that mechanism. And then that allows for all documents to be tracked and provided as disclosure to the subject that you're going to lay the charges against. And then of course that file will stay open until there's a . . . whatever the court case deems it, you know, unfounded or guilty.

Ms. Mowat: — Thank you. I think this is my last question on this chapter. With regards to recommendation . . . Just underneath recommendation no. 5 on page 97, the auditor notes that there's one Canadian jurisdiction in Manitoba that "published pertinent statistics each year" and made a practice of public reporting, also noting, "The Ministry could consider publishing similar information. Such information would provide legislators and the public with insight on the effectiveness of the Ministry's enforcement activities." Has there been any consideration to giving public reporting?

Mr. Antunes: — So I think it's something we can look at. And one of the things that . . . The recommendation was to actually do this report to senior management. So we are doing that now. So now that we have that report and we've got, you know, I've got something we call a DM [deputy minister] scorecard. So we've got some measures on my DM scorecard about our enforcement activities. So now that that's in place, I can see us reporting some of this through our annual report.

Ms. Mowat: — Okay, thank you. Mr. Chair, I have no further questions.

The Chair: — Thank you for the questions. Thanks for the timely responses here today. Are there any other questions at this point in time for the Ministry of Highways and Infrastructure? Not seeing any at this point, I think it's been well canvassed and identified that four of the recommendations have been implemented, so I believe those would be recommendations 1, 2, 3, and 5. I would certainly entertain a motion that we concur and note compliance.

Mr. Michelson: — I make a motion that we concur with the recommendations and note compliance with recommendations 1, 2, 3, and 5.

The Chair: — Moved by Mr. Michelson. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — It's agreed, in chapter 7, that this committee concurs with recommendations 1, 2, 3, and 5 and notes compliance. With respect to the other recommendation where there's certain actions that have been undertaken, I'd entertain a motion on that one.

Mr. Michelson: — Mr. Chair, I would ask the auditor's comments on item no. 4. If they are actually changing the system, then is there need for that recommendation? Or how will we proceed with that?

The Chair: — Thank you.

Ms. Ferguson: — Pleased to provide clarification there. So

really what we're getting at is the line of questioning, in terms of what we found, is they did have an established process in terms of the investigative process — writing. They were supposed to be writing things down, the timeliness of this. And it was a situation where what we were finding is that staff weren't always following that process, and so hence follow established procedure. To follow up this recommendation, what we'll do is we'll look at the new guidelines that are put in place, because again it's still that investigation process. And what we'll be looking for is focusing in on, you know, do in fact investigators know what timelines they are operating within? How are they capturing that key information on a consistent basis? So you know, so it'll be a bit of an adaptation.

Mr. Michelson: — Mr. Chair, I would move that we concur with the recommendation.

The Chair: — Mr. Michelson's moved that we concur. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Agreed. It's agreed that we concur with recommendation no. 4, and of course, for anyone that might be watching from home, where there's follow-up on all these fronts as well, and checks and balances that come back to this committee. Certainly when you're talking about public safety I think that's paramount for, I think, everyone around this table, and also important to address matters of maintaining the integrity of our road and highway systems. So thank you very much.

We'll move along now to the last chapter for consideration here today with Highways and Infrastructure. That would be chapter 7 from the volume 2 report from 2017.

Ms. Sommerfeld: — So chapter 7 of our 2017 report volume 2, beginning on page 51, contains the results of our annual integrated audit of the Ministry of Highways and Infrastructure for the year ending March 31st, 2017. The chapter contains one recommendation related to prompt removal of unneeded user access, and we first made this recommendation in 2010.

The committee has previously considered this recommendation. While the ministry has established procedures for promptly removing user access to its computer systems and data, we continued to identify instances where staff are not always following them. Not removing user access to the ministry's systems promptly increases the risk of an inappropriate access to systems and data. That concludes my presentation.

The Chair: — Thank you very much. Of course this recommendation isn't a new one. I believe it's been dealt with by this committee here before. Thanks for the status update that we've received here. Looking to the committee for questions. Ms. Mowat.

Ms. Mowat: — So as has been noted, this seems like a pretty consistent recommendation that's coming from the auditor for ministries, Crowns, agencies, etc., and appreciate the status update that's been provided as well. I see that there's a current pilot project that's being undertaken to ensure that terminated employees are removed from the government systems, and I

look forward to fall 2018 when we can expect full implementation. Does the deputy minister have any additional background that he's interested in providing? I don't have any questions.

Mr. Antunes: — Yes. Just that, you know, we're not part of the pilot. You know, I think we offered to be part of the pilot because we are diverse in geography and could probably help them, but I think they've got a group that they can work through that pilot. So we're also looking forward to the actual implementation of this. So yes, I don't have anything else to add.

Ms. Mowat: — Thanks.

The Chair: — Thank you again, Deputy Minister Antunes and officials for taking time here today with us as the Ministry of Highways and Infrastructure. Thanks as well for the focus of the auditor. Without any further questions at this point I would . . . Would someone want to move that we conclude consideration of Highways and Infrastructure at this time? So moved by Ms. Carr. All agreed?

Some Hon. Members: — Agreed.

[12:00]

The Chair: — All right, that's agreed. Thank you very much.

CCPAC/CCOLA Conference

The Chair: — We'll move along here now with respect to consideration of attendance at the annual CCPAC/CCOLA [Canadian Council of Public Accounts Committees/Canadian Council of Legislative Auditors] conference in Charlottetown, PEI [Prince Edward Island] from September 23rd to the 25th of 2018. This is an annual gathering of the senior leadership of the auditors and the audit community across Canada, as well as public accounts committees from across Canada. I believe we have a motion to entertain on this front . . . [inaudible interjection] . . . Sure. Deputy Chair McMorris has a motion.

Mr. McMorris: — Sure:

That the Standing Committee of Public Accounts authorize the Chair, the Deputy Chair, one government member of the committee and one opposition member of the committee to attend the Canadian Council of Public Accounts Committee, or PAC, and the Canadian Council of Legislative Auditors annual conference to be held in Charlottetown, PEI from September 23rd to 25th, 2018; and further,

That if the Chair or Deputy Chair or opposition member cannot attend, they be authorized to designate another committee member to attend in their place.

I so move.

The Chair: — Thank you very much. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — So moved as read by the Deputy Chair of the committee. Okay. I think we'll take, I guess, a recess here and next up . . . until 1 o'clock, and then we have the Ministry of Health . . . [inaudible interjection] . . . We've moved it up till 1 o'clock, sorry. We didn't consult everybody on that. We thought we'd be efficient with all resources.

[The committee recessed from 12:02 until 13:03.]

Health

The Chair: — We'll reconvene Public Accounts here today, the Standing Committee for Public Accounts. Thank you so much to Deputy Minister Hendricks for joining us along with officials from the Ministry of Health.

Before I turn it over to the auditor, I'll briefly ask Deputy Minister Hendricks to introduce his delegation here today.

Mr. Hendricks: — Sure. Thank you. To my right I have Marsha Munro who is the manager of revenue and audit. Behind me I have Kimberly Kratzig, assistant deputy minister; Karen Lautsch, assistant deputy minister; Mark Wyatt, assistant deputy minister; and David Morhart who's the acting executive director of our drug plan extended benefits program. There's several others with us and I'll introduce them if they come to the microphone.

The Chair: — Sure. Thank you very much. I'll turn it over at this point to the Provincial Auditor. We'll deal with one chapter at a time. I guess the auditor can introduce her officials — I think there's a couple additional people here this afternoon; welcome — and make her presentation. Then we'll open up to questions and back and forth.

Ms. Ferguson: — Thank you very much, Mr. Chair. Beside me I've got Ms. Tara Clemett. Tara's a deputy provincial auditor in our office that leads the health division. And behind her is Ms. Rosemarie Volk, and Rosemarie has led some of the work that's before us this afternoon. And then Ms. Kim Lowe continues as our committee liaison.

Not to contradict the Chair, but we are going to group the first three chapters together into one presentation because you'll find that the three chapters are linked in that they're our annual integrated audits, and we just think it'll be more efficient use of the committee's time. Other than that, we will go by chapter by chapter and pause after each presentation to allow for deliberation of the committee.

I just want to highlight to the committee that there is three chapters that contain new recommendations for the committee's consideration. That's the 2015 report volume 2, chapter 10; the 2016 report volume 2, chapter 27; the 2017 report volume 1, chapter 6. So those are the three with the new recommendations for the committee's deliberation.

Before Ms. Clemett launches into making the presentations, I do want to pause and extend a thank you to the deputy minister and his staff, along with the organizations, the other organizations that were involved in the activities that are before us this afternoon. So thank you very much for the co-operation.

Ms. Clemett: — So our 2015 report volume 2, chapter 10; 2016 report volume 2, chapter 9; and 2017 report volume 2, chapter 6 each report the results of our annual integrated audits at the Ministry of Health and six of its agencies for the years ended March 31st, 2015, 2016, and 2017 respectively.

The six agencies included are Health Quality Council, 3sHealth, Physician Recruitment Agency, SAHO [Saskatchewan Association of Health Organizations], Saskatchewan Cancer Agency, and the Saskatchewan Impaired Driver Treatment Centre.

Chapter 10 in our 2015 report volume 2 contains one new recommendation for the committee's consideration. On page 64 we recommend that the Ministry of Health follow its established procedures for promptly removing unneeded user access to its computer systems and data. The ministry had partially implemented this recommendation by the year ended March 31st, 2017.

While we noted positive changes in awareness and user monitoring processes, the ministry continued to not consistently request the removal of unneeded user access promptly. At March 31st, 2017 we found the ministry had not promptly removed unneeded network user access for 10 out of 30 individuals we tested.

Delays in removing unneeded user access means staff continue to have access to systems and data that they should no longer be able to access or change. Lack of compliance with the established procedures increases the risk of inappropriate access. This is the only recommendation outstanding in our 2017 report volume 2. That concludes my presentation.

The Chair: — Thank you very much for that presentation. I'll open it up for questions, unless the deputy minister or officials would like to briefly address the committee.

Mr. Hendricks: — Sure. So this is a matter of concern to the ministry, and we've instructed and we'll continue to remind all ministry staff that all terminations and leaves of absence are to be communicated to eHealth Saskatchewan, the MIDAS [multi-informational database application system] knowledge manager, and Public Service Commission.

Our internal audit has performed a monthly review of terminations by branch to assess progress in addressing this recommendation, with results communicated to the senior leadership team. Results of this process show that it has helped to improve our timelines of access removal.

In 2018 ministry staff from the financial services and continuous improvement branches will meet to determine further strategies to fully implement this recommendation. As well, the PSC [Public Service Commission] is currently piloting a project to ensure that terminated employees are removed from government systems. And we are told that this will be rolled out government wide in the fall of 2018, so we plan to adopt those recommendations.

The Chair: — Thank you very much. Questions? Ms. Mowat.

Ms. Mowat: — Thank you very much to the deputy minister

for providing some opening remarks as well. I think it might be most useful if we use the status update to sort of guide our exploration here because otherwise flipping back and forth between all of the chapters might be hard to follow.

In terms of the ministry's status update, we've spoken a little bit already about the first recommendation, which is the outstanding recommendation. And you've spoken to this a little bit as well. In terms of this, can you provide a little bit of information in what barriers exist to the fact that it hasn't been fully implemented so far, just as background?

Mr. Hendricks: — Yes. You know, when we looked at our compliance rate it was, you know, there was sometimes several weeks or even a couple of months before terminated or employees who have left were removed from our system. So our audit branch has been working on this. We're now up to over 80 per cent within the required time frames.

But what we're finding is that it's really a communication issue. A lot of times when an employee leaves and moves on to another job or something, oftentimes it's not communicated to the person that has administration privileges who would then contact eHealth and make that notification. So it's really a process and a diligence issue. And so we're trying to develop some work standards around this so that we can actually make sure that people are notified. Because it does present a risk to the organization and we acknowledge that. And we're taking I think the appropriate steps to try and address that.

Ms. Mowat: — Thank you. It's good to see that the other recommendations have been implemented. I do have some questions around the recommendation no. 2, that the ministry "develop a capital asset plan to help ensure that it can carry out its strategic plan." So back in chapter 10 of the 2015 report volume 2, we saw that at that point it was a new recommendation that had not been implemented. But in chapter 9 of the 2016 volume 2 report, it reported that the capital asset plan had been developed at that point and that it was implemented.

So with regards to the asset plan, I understand that it's a 10-year facility capital asset plan for the health sector and that the ministry is using a database to track the life, age, and maintenance cost of the facilities. From the annual report, it looks like the facility condition index is at 45 per cent. So is the current capital asset plan addressing this backlog?

Mr. Hendricks: — Yes, so the capital asset plan takes several factors into account. One is the condition of our existing facilities. We've engaged a firm called VFA [Vanderweil Facility Assessors] — and don't ask me what that stands for; I forget every time — but they do a complete facility assessment, and they basically grade facilities in terms of their maturity and how much deferred maintenance there are on those facilities.

So as you say, the deferred maintenance in the health sector's above 40 per cent. What we try and do with our capital asset plan is look at our strategy for not only repairing those facilities, but also looking at things like demographics where we have needs, expanding needs for example in our urban communities, and where we might need to target capital dollars in the future.

We look at new programming and the way that we deliver our services. We're trying to move from institutionally based services more to community based, so that would have a factor in our plan. So it's really several variables that we do try and look at it. But certainly the condition of our facilities is a key issue.

Ms. Mowat: — Thank you. I've heard the region is calling for a provincial plan, saying that they aren't keeping pace. What's the plan to address this?

Mr. Hendricks: — If you say we're not keeping pace in terms of our maintenance to our facilities, obviously there are a lot of pressures on the provincial government and on the Ministry of Health. And in the last few years we've been successful in actually increasing our maintenance budget, so we've been able to target more money to facilities for needed upgrades: life, safety, and emergency, as well as routine maintenance. So we're trying to apportion more funding to maintain those facilities in an adequate condition.

Ms. Mowat: — Thank you. I have no further questions, Mr. Chair.

The Chair: — Thank you. Other committee members, are there any other questions at this time? Most of these recommendations are outstanding recommendations. Thank you for the progress updates here and the actions that have been taken to ensure compliance. On the one new recommendation, it's been noted I guess that there's a lot of action towards compliance, so progress for sure. Just looking if there's a motion from someone to that effect, to concur and note progress. Ms. Carr.

Ms. Carr: — So moved.

The Chair: — So moved by Ms. Carr. All agreed?

Some Hon. Members: — Agreed.

The Chair: — So moved that we concur with recommendation no. 1 of the 2015 report volume 2 and note progress towards compliance.

Okay, moving along. I think we're moving now to . . . We'll conclude consideration of those . . . Oh, I guess some of those other ones have recommendations that are outstanding, so as it relates to chapters 9 and 6 I would entertain a motion to conclude considerations at this time. Ms. Lambert. Agreed?

[13:15]

Some Hon. Members: — Agreed.

The Chair: — So moved. We'll move along now to . . . Is it chapter 27? Okay, chapter 27.

Ms. Clemett: — Chapter 27 of our 2016 report volume 2, on pages 155 to 167, reports the results of our audit on the ministry's processes to provide special needs equipment to persons with disabilities. This chapter includes six new recommendations for the committee's consideration.

About one in seven Saskatchewan residents age 15 years and older have a disability that limits their daily activities. Specialized aids and devices can help persons with disabilities perform their routine activities and increase their social participation. Since 1976 the Ministry of Health has had an equipment program whose objective is to loan and repair special needs equipment at no cost to eligible clients. Special equipment includes wheelchairs, walkers, cushions, hospital beds, etc.

The ministry uses the Saskatchewan Abilities Council to deliver this program. At March 2018 the council had over 100,000 pieces of special needs equipment both on loan and in stock. The equipment program is one of many programs and services that the council does provide.

We concluded for the 12-month period ended August 31st, 2016 the Ministry of Health had, other than reflected in our six recommendations, effective processes to provide special needs equipment to persons with disabilities. I'm going to focus my presentation on the six recommendations.

On page 162 we recommend that the Ministry of Health implement further strategies and action plans so clients receive special needs equipment within an acceptable time frame. For the 30 client files that we tested, for 27 per cent of them clients did not receive their equipment within the ministry's targets. For example, for those files we found the council provided 67 per cent of power wheelchairs within a four- to five-month period after it received the order. That's two months longer than its two- to three-month target. Fifty per cent of the Sask-a-Poles are supposed to be provided within two weeks and they were provided on average often like a month, so about two weeks longer than the two-week target.

When we asked the council for the reasons for the delays, it indicated it does not receive sufficient funding to buy enough of certain types of equipment — so power wheelchairs — to meet demand. It noted the ministry was aware of delays and concerns about timely access to equipment. However neither the ministry or council had developed strategies so that clients who could receive special-needs equipment would receive it within an acceptable time frame. Not having strategies and action plans to actively manage wait-lists increases the risk that clients wait longer than necessary to receive the required equipment and adversely impacting their quality of life and their day-to-day functions.

On page 163 we recommend that the Ministry of Health work with its service provider to identify special-needs equipment on loan that is no longer being utilized, and recover this equipment within a reasonable time frame. We found that the council loans equipment on an honour system. It expects clients to return the equipment when it no longer needs it. The council doesn't know when equipment is loaned to an eligible client who is no longer needing or using it, and does not actively pursue its return. The ministry is aware that the council does not know when clients no longer need equipment on loan and was considering possible solutions at this time, for example increasing communication with health care professionals who requested the equipment to find out whether clients still needed it.

Waiting on clients to return equipment on loan they no longer

need reduces the availability of that equipment for other clients in need, thereby increasing wait times for them. It also increases the risk that the equipment program may buy additional equipment when it has suitable equipment that is already just on loan.

On page 164 we recommend that the Ministry of Health work with its service provider to track the quality and timeliness of repairs of special-needs equipment. We found that the council does not document the work that they perform to provide a record that the equipment was in proper working condition prior to redeploying it to a client. In addition for the 30 repairs of equipment on loan that we examined, none of the files indicated when the equipment was brought in for repairs. So while the repair technicians note the date they completed the repair, we couldn't determine how long and whether the repair was done on a timely basis.

Not documenting results of repair increases the risk of the equipment not working properly or safely when it goes back to the client, and not tracking timeliness of repairs increases the risk that clients go a long period of time without the required equipment.

On page 165 we recommend the Ministry of Health assist its service provider in developing a process to complete appropriate preventive maintenance on special-needs equipment on loan. We found that the council does not make sure it maintains equipment on loan consistent with manufacturer recommendations. For example, it should check its bath lifts about every two years and check patient lifts bi-monthly. At August 2017 the council had about 1,300 of pieces of lift equipment on loan. For the 10 items of lift equipment that we tested the required preventative maintenance, we found that 70 per cent of the preventative maintenance was not done on the equipment for over four years, and for one piece of equipment, preventative maintenance was last done nine years ago.

When clients borrow equipment from the council, they do not sign documents — so agreements or waivers — upon receipt of the equipment. Although the ministry requires through its written agreement for the council to do preventative maintenance, the ministry was not aware that the council was not doing regular preventative maintenance on lifts. The ministry does not have a process to ensure the council completes preventative maintenance.

Not completing recommended preventative maintenance may expose the ministry to liability risks if the council doesn't maintain equipment sufficiently and the equipment causes injuries to clients. Not following up with clients further, or requiring the client to promptly return the lift equipment, results in the council potentially putting clients at risk of the equipment malfunctioning or being unsafe.

On page 166 we recommended that the Ministry of Health set out how it plans to measure the success of its special-needs equipment program. The equipment program is a subprogram of the Saskatchewan Aids to Independent Living, or SAIL program. SAIL provides various types of assistance to people with physical disabilities to live a more active and independent lifestyle.

While the ministry considers certain aspects of the program, it does not consider whether the program helps the clients to be more active and independent. Without determining how it plans to measure the success of the equipment program's success, the ministry cannot know that the equipment program is meeting SAIL's objectives.

Our last recommendation, on page 167 we recommend 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. The council does not formally monitor or track complaints. Also the ministry has not set expectations on the types of complaints the council is to escalate to the ministry. In practice, when the council receives a complaint, it either resolves the problem on its own or escalates it to the ministry. The council did not know how many complaints it receives in any year.

Setting expectations for escalating complaints for the equipment program would help the ministry identify issues with the equipment program and gain timely insight about the council's delivery of the program. This would allow the ministry to be informed about decisions that are being decided by the council to improve service delivery to its clients. That concludes my presentation.

The Chair: — Thank you very much. So we have six new recommendations before us. Thanks again for the work and the status update that shows the progress and action that's been taken. But I'll open it up to folks for questions. Ms. Mowat.

Ms. Mowat: — Thank you. So I'll start on page 161 here. Just at the top of the page it mentions that management indicated that the wait time for equipment is driven by both volume and funding constraints. And then on page 162, sort of in the middle there:

When we asked the Council for reasons for the delays, it indicated it does not receive sufficient funding to buy enough of certain types of equipment (. . . [for example] power wheelchairs) to meet demand.

So with regard to the first recommendation, which the status update indicates is partially implemented, what strategies have been developed to meet this recommendation? Has there been a funding increase in order to meet demand?

Mr. Hendricks: — So a couple of things. The budget's gone up by almost 29 per cent since '13-14, but we didn't actually specifically have an increase in this year's budget for the Abilities Council. I think, as the auditor's office has acknowledged or found when they did their review and our kind of consultations with the Saskatchewan Abilities Council to actually look at the root cause, is that there's a considerable amount of equipment that is on loan, that has not been returned to the council. And so we need to actually make sure that we're recovering equipment and that we have that available to lend out again. So we've been working with the council to implement some strategies and action plans including prioritizing palliative and hospital discharges, tracking wait-lists, communicating the importance to clients of prompt return of equipment after they're done with it. However further work does need to be done in terms of managing wait-lists and

making sure that special-needs equipment is provided within the time frame that it's needed.

Ms. Mowat: — Thank you. Can you provide some detail on what the most current wait times are?

Mr. Hendricks: — I'll ask David Morhart from our extended health benefits plan to speak to this.

Mr. Morhart: — Hi, good afternoon. So I can provide some details on the current wait-lists, and I'll try and keep them comparable to what was provided in the initial report just so we're kind of comparing apples to apples there. So in the initial report . . . sorry, I'm just trying to find the page here.

A Member: — I think it's 160.

Mr. Morhart: — 160. All right. So just looking off of Max's book here, so in the initial report, so under the walkers, commodes, cushions, transfer benches category, there were 99 pieces of equipment that had a wait of less than two weeks, 27 between two and four weeks, and eight with greater than four weeks. Based on the last available information we have which is from a quarterly report ending December 31st, 2017, we have 22 pieces of equipment that are less than two weeks old, nine that were two to four weeks old, and 14 that were four weeks old for that category.

Under hospital beds, previous report was 22 less than two weeks old, eight between two and four, and 12 that were greater than four. On this report we had five that were less than two weeks old and then five that were between two and four weeks old and zero that were over four weeks old.

On the manual wheelchairs, previous we had 69 that were less than two, 74 that were between two and four, and 49 that were over four. In this report we had 59 that were less than two, 41 that were between two and four, and 27 that were over four.

And then I believe there's power wheelchairs as well.

[13:30]

Ms. Mowat: — That's on page 162.

Mr. Morhart: — All right. So in the report it had 67 per cent of power wheelchairs within four to five months after receipt . . . Sorry, it doesn't really have the . . . I don't know if we're comparing exactly. What I can do is give you the current wait times though. So current wait times for less than two months old for power wheelchairs is 30, between two and four months old is 18, and then there were zero that were over four months old.

Ms. Mowat: — And do you have the numbers for the Sask-a-Poles as well?

Mr. Morhart: — I don't specifically have the numbers for the Sask-a-Poles just because it's not reported in our actual quarterly reporting that we receive.

Ms. Mowat: — Thank you. I will move on to the second recommendation. So in this recommendation it's talking about

working with the service provider to identify special-needs equipment on loan that's no longer being utilized. This was identified as . . . I believe it was identified as one of the central challenges to freeing up some of the equipment.

Can you identify what some of the barriers are to be overcome in this process? It seems to be that the equipment is out on loan, but there is no active process for getting it back if it's being put on the honour system of the individual to return it once it's no longer in use, or the family to return it when it's no longer in use. So can you identify what some of the barriers are to achieving this recommendation?

Mr. Hendricks: — So maybe I'll start and then David can add in if you want additional information. So obviously some of the barriers are people, you know. They take the equipment and then they kind of, you know, don't need it anymore. They forget that they have it. They forget to return it. Sometimes people move. Those are some of the things that we've seen. So as I mentioned earlier, we've been notifying, or SaskAbilities has been notifying clients on the importance of returning equipment.

But also in the fall of 2017, eHealth Saskatchewan started to generate a monthly report for the Abilities Council that contains the last known address on file for individuals who have been deceased or left the province so that we have a good idea that we can go find and recover that equipment. As well, by March 31st, 2019, SaskAbilities will develop a process to follow up on outstanding equipment for those who are listed on the report. Considerations for implementation include the development of internal processes and identification of available resources to complete the work. So we're actively working on trying to look at measures to better enable us to recover equipment.

Ms. Mowat: — And is it within the scope and scale like of a possibility to have annual phone calls, for example, to these folks? Or you know, I'm just trying to think in terms of processes that could be developed to move toward this recommendation. Would that be something that might be beneficial in terms of also being able to repair equipment sort of? Can Sask . . .

Mr. Hendricks: — I was going to mention that. Like in the subsequent recommendations, the auditor talks about routine maintenance on equipment. So as part of those, you know, the discussion could be: do you still require the equipment, and if not, can you return it to us? But I think certainly all of those are potential options to implement with clients. You know, just that routine call to say are you still using it, that sort of thing.

You know, I think upfront, getting some expected things like, how long do you expect to need this equipment, how long, you know, that sort of thing, so that we have a good idea when it should be returned and that would prompt a call potentially to a client, things like that are pretty simple.

Ms. Mowat: — With regards to the third recommendation, the ministry is reporting that as implemented, "working with its service provider to track the quality and timeliness of repairs," and I think that's been canvassed a little bit already.

The fourth recommendation, "we recommend the Ministry . . .

assist its service provider in developing a process to complete appropriate preventative maintenance on special needs equipment on loan." This has been identified as well as implemented by the ministry, but perhaps you could provide a little bit more; you could elaborate a little bit on how this recommendation is proceeding.

Mr. Hendricks: — And so in response to the auditor's recommendation, the ministry has reviewed its current preventive maintenance process and requirements that are outlined in our agreement with the Saskatchewan Abilities Council. And as a result of that, the ministry has adjusted the wording in the agreement to clarify the requirements of the Abilities Council for preventive maintenance.

In addition, the database that is used to schedule and track preventive maintenance for things like patient lifts has been updated to more accurately track maintenance, and the timelines of preventive maintenance will be monitored by the ministry annually. So we're actually . . . We've implemented processes to track this on a regular basis, so we're confident that we can get this one managed.

Ms. Mowat: — Thank you. In terms of the fifth recommendation ". . . that the Ministry . . . set out how it plans to measure the success of the Special Needs Equipment Program," you've noted in the status update this is partially implemented. And there's some discussion about a survey in this portion, and a survey that will be distributed by March 31st, 2019. It strikes me that there's already an existing survey that's being discussed here. Are there plans to make this survey joint with the existing survey, or are those two separate things?

Mr. Morhart: — So the existing survey that exists, it's one that's completed by SaskAbilities, and it is for all of their clients, so not just specific to special needs equipment clients. So this would be a separate survey that would be targeted specifically to clients of the special needs equipment program.

Ms. Mowat: — Is there any thought to looking at whether they can be combined to save resources? Like a couple of extra questions for example on the existing survey that would be able to . . . You can opt out of the questions or opt in. Because it strikes me that if there's already a survey going around, it might be a good opportunity to manage resources.

Mr. Morhart: — Yes, definitely I think there are opportunities for that. We do have a meeting scheduled with SaskAbilities at the end of this month to have some of those initial discussions about the survey. So I think those would be some of the topics, the most efficient way to do this survey, ensuring that it's just, you know, as easy for clients to complete as possible.

Ms. Mowat: — Thank you. And then we still have one more recommendation that we're looking at here. On page 167, "We recommend that the Ministry . . . set clear expectations for when its service provider should escalate complaints to the Ministry related to the Special Needs Equipment Program." So this has been noted as not implemented on the status report. So I'm just wondering if the deputy minister can provide some detail into why it is not implemented.

Mr. Hendricks: — We're reporting that it is in progress. The

Abilities Council will advise patients or care providers to follow the established appeal process detailed on the . . . sorry, on the SAIL, of Saskatchewan Aids to Independent Living website, where general policies are available regarding complaints and escalation. And by March 31st, 2019 the ministry will work with the Abilities Council to establish a process for regularly providing feedback when issues arise that fall outside of the individual appeal process.

And to give you some context around this, in 2015-16 the ministry logged I think it was 11 complaints or inquiries related to the special needs program. It's not super high volume but no complaint is a good complaint, so we're trying to make sure that clients are well aware of how to access and provide . . . [inaudible] . . . so that they can make complaints to the Abilities Council and have their concerns addressed.

Ms. Mowat: — Thank you. So just in terms of clarification, I see that the recommendation is that the ministry set clear expectations for when its service provider should escalate complaints. So this is a, you know, and maybe the Provincial Auditor wants to weigh in on what the recommendation is. I just am having trouble seeing how they fit together right now.

Ms. Ferguson: — Most definitely. I guess what we're saying is that we don't envision that the ministry needs to be involved in the resolution of a lot of the complaints, but in reality it needs to know whether or not the council is receiving a lot of complaints about this program, you know, and that's one aspect in terms of that reporting aspect.

So in terms of clarification it would be, you know, perhaps asking the council to let it know how many complaints it's receiving, the nature of the complaints, whether or not they've been resolved. And secondly, if there's complaints about the council itself, you know, or particular complaints or types of complaints that maybe the council is not the right agency to resolve that, perhaps those should be ones that the ministry can handle directly. So you know, so it's not . . . We are not envisioning that they handle all the complaints at all, again recognizing the relationship that the council is a service provider for the ministry so it needs to have information in this area.

Ms. Mowat: — Okay. That makes sense and it's helping me to see how these planned actions for implementation will satisfy the recommendations. I appreciate that. And it would seem to me that providing . . . having the opportunity to provide regular feedback, that the expectation would be that these conversations would happen in those feedback interactions. Is that correct?

Mr. Hendricks: — That's correct. I should point out that actually I misspoke. We're still very early stages on this one and so whether it's crossed into the in-progress range versus being not implemented, we would suggest it's still not implemented. So sorry for that error.

Ms. Mowat: — Thank you. I understand that you were implying that you're working on it and you're meaning to start implementing it, but thank you for the clarification.

There's also a note in the chapter where the auditor suggests that more bulk purchases of equipment or grants directly to

clients for purchasing certain types of equipment would be beneficial in terms of decreasing the cost when you're purchasing new pieces of equipment. Is this something that has been considered?

Mr. Morhart: — Yes. I can handle this question. So yes, those were kind of tied back to the first recommendation around trying to reduce wait-lists. So obviously one of the ways that we can reduce wait-lists outside of just additional funding for the program, for example, would be looking at different ways that we can decrease that demand of the program. So one of the things that we have looked at was looking at different grant options. So that actually came out.

We did a program review of the special needs equipment program as well and that was one of the recommendations that came out of that, that we start exploring different options in certain situations for offering a grant instead of actual loaned piece of equipment. So in situations there what essentially would happen is we provide a grant to a patient that could then go out and purchase their own equipment or source their own equipment with that grant money. In that way then they're not taking a piece of equipment from the program, which would then make that equipment available to other users.

So that is something we have started exploring. We haven't implemented yet, but we do envision pursuing that on a small pilot or trial basis, likely in the coming months.

Ms. Mowat: — Okay, thank you. I have no further questions on this chapter, Mr. Chair.

The Chair: — Thank you. Good questions. Any other questions from folks around the table here today? So thanks again to officials for your attention to these matters.

Certainly when you're talking about the equipment that we are, it's about quality of life and dignity and comfort for many across the province, so thank you for that.

I sort of was canvassing the conversation and looking at the update here. I think it's fair to say maybe recommendations 3 and 4 we might deal with as being that we concur and note compliance. Would there be someone that would bring a motion to that effect?

[13:45]

Mr. Michelson: — I would move that we concur with recommendations and note compliance.

The Chair: — Moved by Mr. Michelson. All in favour?

Some Hon. Members: — Agreed.

The Chair: — So moved that this committee concur with recommendations 3 and 4 and note compliance. Those are recommendations from chapter 27, special needs equipment for persons with disabilities from the 2016 *Report of the Provincial Auditor* volume 2.

Do we want to deal with 1, 2, and 5 together as far as noting progress? Do we want to include 6 in on that or simply concur

with 6?

Mr. Michelson: — If I understand correctly, the deputy minister indicated that the no. 6 was we concur with the recommendation.

The Chair: — That sounds fine to me. Do you want to put a motion dealing with 1, 2, and 5?

Mr. Michelson: — I can. For recommendations 1, 2, and 5, I concur with the recommendations and note compliance.

The Chair: — Or noting progress, possibly?

Mr. Michelson: — Noting progress. I'm sorry.

The Chair: — Moved by Mr. Michelson. All agreed?

Some Hon. Members: — Agreed.

The Chair: — So moved. This committee concurs and notes progress towards compliance for recommendations 1, 2, and 5. I'd entertain a motion with respect to no. 6. Ms. Lambert?

Ms. Lambert: — I can make that motion.

The Chair: — And that would be to concur?

Ms. Lambert: — Yes. It's a new recommendation.

The Chair: — All in favour?

Some Hon. Members: — Agreed.

The Chair: — It's moved that we concur with recommendation no. 6. And that's it for recommendations. These all pertain to chapter 27, the chapter focused on special needs equipment for persons with disabilities. Thank you. We'll move along to and turn it over to the auditor for chapter 6 of the 2017 report volume 1.

Ms. Clemett: — Chapter 6 of our 2017 report volume 1 on pages 65 to 80 reports the results of our audit of the Ministry of Health's processes to detect inappropriate fee-for-service payments to physicians. This chapter includes four new recommendations for the committee's consideration.

The Ministry of Health pays licensed physicians to provide insured health services to Saskatchewan residents with valid Saskatchewan health coverage. About three-quarters of the almost 2,400 licensed physicians in Saskatchewan provide insured health services using a fee-for-service arrangement. Under this arrangement, the ministry directly compensates a physician at a pre-set rate for each specific insured service provided. The number of licensed physicians in Saskatchewan is increasing, as is the volume of payments that the ministry makes to physicians every two weeks. In 2015-16 the ministry paid fee-for-service physicians about \$525 million for insured services. This amounts to about one-tenth of Saskatchewan's total annual health care costs.

We concluded for the 12-month period ended December 31st, 2016 the Ministry of Health had, other than in the following

areas reflected in our four recommendations, effective processes to detect inappropriate fee-for-service payments to physicians. I'm going to focus my presentation on the four recommendations we made.

On page 76 we recommend that the Ministry of Health use a comprehensive risk-based strategy to detect inappropriate physician billings for insured services before making payments. We also recommend that the Ministry of Health conduct a cost-benefit analysis of its IT systems that would better identify inappropriate physician billings for insured services before making payments.

We found the ministry does not use data analytics to help identify inappropriate billing prior to making payments. Its IT system does not use existing data to analyze billings or make predictions to avoid making inappropriate payments. The current IT system at the time was over 50 years old. The capability of the ministry's current IT system to do analytics was limited. These limitations resulted in labour-intensive assessment processes to check the validity of billings.

The high number and growing volume of billings is placing increased pressure on ministry staff responsible for assessing validity of physician billings. We found the 10 ministry assessors have to work quickly to minimize delays in paying physicians. They know they have limited time to complete their work. The assessors manually assess problems with billings and work to adjust them before paying physicians. Through data analytics using a volume-based logic, we identified 78 physicians whose billings were more than two times the average value of billings of the physician peer group in all of the following categories: total cost of services, total number of services, and total number of patients served. The ministry paid these 78 physicians \$64.1 million in total in 2015-16.

A more robust IT system would supplement this process by identifying other potentially large inappropriate billings, which our analytics suggest may have been missed prior to making payment. Not identifying physician billings prior to making payment can result in overpayments.

Furthermore, we found the current capacity of the ministry to investigate and recover inappropriate payments is limited. In addition, its authority to do so is also limited. So although the ministry pays physicians, it doesn't have the authority to investigate physician billing practices, to determine recovery amounts paid for inappropriate billings, or to order physicians to repay these amounts. Rather, *The Saskatchewan Medical Care Insurance Act* gives a joint medical professional review committee this authority. The ministry refers physicians that may have inappropriate billings to this review committee.

The ministry, the Saskatchewan Medical Association, and the Saskatchewan College of Physicians and Surgeons each have two members on the six-member joint medical professional review committee. The review committee meets nine times per year. These limitations make a strong process to identify inappropriate billings prior to making bill payment more important. Also having a comprehensive risk-based strategy to detect inappropriate physician billings before payment would reduce the amount of effort needed to assess and collect inappropriate payments back from physicians once they've been

made.

On page 77 we recommend the Ministry of Health develop criteria to determine which physicians to refer to the joint medical professional review committee for investigation of appropriateness of billing for insured services. The ministry did not have defined criteria to guide which physicians to refer to the joint medical professional review committee for investigation, or document why it does not refer physicians it had identified as billing above average.

In 2016-17, while the ministry identified about 15 physicians whose billing behaviour exceeded their peers, it referred only nine of these physicians to the committee, as the committee only meets nine times a year. Having defined criteria promotes consistent assessment of physician billings. Without criteria, the ministry may not investigate or refer physicians with the highest risk of inappropriate billing. Inappropriate payments to physicians increases the cost of the delivery of health services to the ministry.

In our last recommendation, on page 79, we recommend that the Ministry of Health assess options to conduct more investigations into physician billing practices that it suspects of having inappropriately billed the government. The low volume of reviews of physician cases each year by the joint medical professional review committee and the number of ministry staff assigned to review physician billings post-payment has limited the ministry's ability to recover overpayments to physicians and reinforce the importance to physicians of having appropriate fee-for-service billing practices.

From 1998 to January 2017, the ministry referred 34 different physicians to the review committee multiple times. Since May 2016, the ministry did not have a full-time audit officer. The officer previously examined 16 riskier service codes and combinations of services codes to identify potential inappropriate billings. Since then another staff member performed some but not all of those procedures. The officer had identified almost \$700,000 in potentially inappropriate billings. Physicians agreed to repay most of those identified amounts.

By having more ways to investigate physician billing practices, the ministry may identify and recover more inappropriate billings. In addition, this would reinforce with physicians the importance of having appropriate fee-for-service billing practice.

That concludes my presentation.

The Chair: — Thanks for the report and the presentation. I open it up for questions.

Ms. Mowat: — Thank you.

The Chair: — Ms. Mowat.

Ms. Mowat: — Yes. You looked at me, so I assumed that it was my turn to talk. So I have a couple of questions. With regards to the modernization of the IT system, I see that there is plans in place to modernize. And it sounds like it has been quite the struggle in terms of what we want it to do and what it can actually do. Is there a plan to do this in concert with

amalgamation, with the timing of amalgamation of the health regions, or are these processes happening sort of independently and trying to fit together?

Mr. Hendricks: — Yes. It doesn't necessarily have much to do with the provincial health authority amalgamation. As the auditor mentioned, we have a system that is approximately 50 years old. It's got over 2 million lines of code, and so it's quite complex.

We have looked at several options for replacing that system with something more modern that would allow us to address many of the auditor's concerns and give us the ability to do things like analytics and risk-based analysis. The reality is, is that there are a couple of factors. One is that the cost of that system is quite high. And the other is, is that the transition to the new system, there is a lot of risks around that. But we're actively looking, and it's something that we're speaking to government about.

You know, in terms of our overall processes, there are several things that we do rely on in terms of making sure that, or trying to make sure that, physicians do bill appropriately. One is that we provide education to physicians' offices. Oftentimes when we do have errors in billing, it's because an office clerk or somebody working in the physician's office doesn't understand something about our payment schedule and submits a bill that is in error. But we also send out verifications. We started doing that again. We had stopped a couple of years ago at the recommendation of the auditor.

As well we do ad hoc reviews of billing to kind of look at patterns. So right now we have eHealth that has been developing some special reports for us that will allow us to more accurately identify outliers who separate from their peers in terms of their billing practices. So we're doing some ad hoc things right now that will increase our capacity here.

Also there's the joint medical professional review committee that Tara mentioned. And that is a group that reviews, I think, the most severe cases. Oftentimes it doesn't come to that, but that review committee ordered recoveries of \$2.3 million in '16-17, and so they do significant work in terms of looking at those cases that can't be dealt with in other ways. And so we do do a lot of work on it but, you know, it is fair to say that there are some limitations that are placed on us by aging IT architecture.

Ms. Mowat: — In terms of that IT and the desire to modernize it, there's no time frame, timeline in terms of when that new system might be purchased? Or is it still in very early stages at this point?

Mr. Hendricks: — I think it's fair to say that we're still talking to proponents — vendors, that sort of thing — about whether there might be some other options that would allow us . . . And you know, these are rapidly evolving technologies where maybe we can piggyback on what another province is doing already. But we're looking at ways to mitigate the cost of that because we just understand that, given a lot of other health priorities — mental health, all these sorts of things, you know — a new IT system becomes a challenging ask. And so we know that eventually will have to be replaced.

But the other thing too is just, you know, over longer term we have more and more physicians that are interested in moving to alternative payment models. And so why we would invest a huge amount in a fee-for-service system if most young physicians actually don't want to practise fee for service, right? And so that would require different models of accountability and that sort of thing which wouldn't require such a big investment.

[14:00]

Ms. Mowat: — Thank you. On page 75 on the second-last paragraph there's discussion about:

The limitations of the Ministry's current IT system result in labour-intensive assessment processes to check the validity of billings. However, the high and growing volume of billing is placing increased pressure on assessors.

I'm just wondering how many assessors work for the ministry, what this role looks like, and have there been any more staff hired since the report?

Mr. Hendricks: — So our claims analysis unit is comprised of a manager and 21 staff who adjudicate physician claims, submissions on a biweekly basis. So we haven't made any big changes in terms of capacity in that area, but we have added a policy governance and an audit unit. And it's comprised of a director and five staff: there are three senior insurance services consultants, one policy and one audit officer. So we've been kind of attacking more from that end and seeing if we can reduce the flow in to our assessors by better educating the physicians, trying to get a hold of the audit function.

Ms. Mowat: — Thank you. Moving on to some of the recommendations now. The first recommendation is a recommendation that the ministry "... use a comprehensive risk-based strategy to detect inappropriate physician billings." I'm wondering if the auditor can explain a little bit about this recommendation and what's meant by a risk-based strategy. Sorry, I'm on page 76.

Ms. Ferguson: — So basically what you'll find is an audit office will actually often ask organizations to take a risk-based approach. What we recognize is the reality is that there's, you know ... any organization has to accept a certain level of risk. There's never resources to be able to be risk-free.

And so what we're anticipating in this case is that you look at what risks — in this particular case, what your current billing process is — your risk of inappropriate billings. You look at ... go through a process where you identify those risks and then make sure that you're addressing them appropriately and thinking about that cost/benefit equation on it. So we're not expecting it to be zero. There won't be zero inappropriate billings. But you know, there's got to be sort of a balance in terms of the amount of effort that you put into it versus leakage.

Ms. Mowat: — Thank you. And it looks as though, from the status update, that that recommendation is partially implemented. And it's sort of grouped together with the second recommendation which is also being identified as partially

implemented, recommending the cost/benefit analysis. So that makes sense why you're referring to them together. So I just wanted to shed some light on that, so I appreciate that.

On the third recommendation, the ministry is reporting as implemented that they develop criteria to determine which physicians to refer to the joint medical professional review committee. And it was sounding like, from the report at the beginning, that it wasn't required that they have a set of formal criteria, but they did that anyway. So that sounds good, but maybe you want to ...

Ms. Ferguson: — That's actually what the recommendation is aiming at is to formalize, so that there is criteria in terms of how they decide which physicians to do the referral so that it is, you know ... Basically you're treating physicians in a consistent manner.

Ms. Mowat: — Thanks. And just as a follow-up to that, with regards to the fact that it was identified that there were only nine physicians referred but there could have been 15, I believe, just based on the amount of times that the committee meets. Do you want to speak to that a little bit?

Mr. Hendricks: — So I guess a couple ways to answer this question. One is obviously, or as we've explained, the JMPRC [joint medical professional review committee] has membership from the Saskatchewan Medical Association, College of Physicians and Surgeons, and the ministry. And you know, in terms of developing a case or a submission to the JMPRC, the bar is pretty high. Like you have to do a lot of legwork and it involves a ton of research by all of the members.

And so one of our challenges has been actually retaining JMPRC members because it's kind of like, you know, they're the internal investigator in a police department or something, right. And so, you know, it's a difficult job for them. So what we try and do is, we send the most challenging cases to JMPRC and we manage the other ones. There are other audit procedures by which we can make recoveries. We don't need everything to go to JMPRC.

Ms. Mowat: — Thank you. And with regards to the fourth recommendation, under the planned actions for implementation in the status update, there's some discussion about how the ministry is working with eHealth to implement a business intelligence platform. Would you be able to speak to that a little bit about what the business intelligence platform is?

Mr. Hendricks: — Yes, that's what I was talking before. So what we've been able to do is we send all of our billing data over to eHealth, and on their systems and working with their analytics unit we've been able to develop some ad hoc reports that give us more capacity in terms of actually noticing irregularities in billings and that sort of thing. Prior to that, we were trying to do it within the system which makes it extra hard and was more manual. But we're using some developing analytic capacity at eHealth — it's quite exciting — to give us more capacity with our existing data to do this.

Ms. Mowat: — Thank you. I have no further questions on this chapter, Mr. Chair.

The Chair: — Thank you very much. Looking to see if there's any other questions at this point. Not seeing any, we'll entertain motions with respect to these new recommendations that are before us. Looks like from what we've heard, as well as the report that's been brought forward displaying the actions that the ministry's taken, that it would seem that three of them, 1, 2, and 4, are . . . that there's been progress noted. So I'd entertain a motion to concur and note progress.

Ms. Carr: — I'll make a motion that we concur with recommendation 1, 3, and 4 and note progress towards compliance . . . excuse me, 1, 2, and 4.

The Chair: — 1, 2, and 4. Moved by Ms. Carr. All in favour?

Some Hon. Members: — Agreed.

The Chair: — So moved that this committee concur and note progress with respect to recommendations 1, 2, and 4 from chapter 6, Ministry of Health, detecting inappropriate physician payments, from the 2017 report of the Provincial Auditor volume 1.

Looking at recommendation no. 3, I believe it's been identified that it's the ministry's perspective that they have implemented this recommendation. I'd welcome a motion. Mr. Goudy.

Mr. Goudy: — Yes, I would concur with the recommendation and note compliance.

The Chair: — All in favour?

Some Hon. Members: — Agreed.

The Chair: — It's agreed that this committee concurs with recommendation no. 3 and notes compliance. We'll move along to the next chapter, which would I believe be chapter 33 from the volume 2, 2017 report.

Ms. Clemett: — Chapter 33 of our 2017 report volume 2 on pages 244 to 249 reports the results of our second follow-up of the Ministry of Health's progress towards addressing recommendations we initially made in our 2012 audit on the ministry's process related to preventing diabetes-related health complications. Our audit concluded the ministry did not have effective strategies for preventing diabetes-related health complications. We made 12 recommendations. By February 2015 the ministry had implemented four of them. By September 2017 the ministry had implemented three of the eight remaining recommendations.

It documented its reviews of each of the regional health authorities' annual primary health care plans. These plans include diabetes management and prevention strategies. In addition the ministry reported publicly on its progress in implementing strategies to manage diabetes and diabetes-related complications. However the Ministry of Health had not increased the number of patients living with diabetes with completed flow sheets in the chronic disease management — quality improvement program. It's also known as CDM-QIP. It's an IT system that is used to collect diabetes data to support analysis of best-practice care.

Not having sufficient data or doing analysis on services and care received increases the risk of people with diabetes not being appropriately monitored or receiving interventions that reduce the risk of diabetes-related complications. In addition, it increases the risk that people with diabetes do not receive a similar level of service across the province.

The Ministry of Health also still needs to obtain and analyze data on the programs and services delivered by the regional health authorities, so now the Saskatchewan Health Authority, for peoples with diabetes, including the related costs. At March 31st, 2016 regional health authorities were not meeting their targets for hospitalization for those with chronic diseases, including diabetes.

Treating diabetes complications is a significant cost to the health care system. Having complete program information from the Saskatchewan Health Authority would help the ministry determine if the programs to manage diabetes are designed correctly and are suitably available across the province. That concludes my presentation.

The Chair: — Thank you very much for the presentation. I'll open it up for questions. It seems predictable — Ms. Mowat.

Ms. Mowat: — Thank you. I just have a couple of questions about this chapter as we're returning to some outstanding recommendations. The first is on page 239. There's some numbers here from 2011 about the prevalence of diabetes and pre-diabetes in Saskatchewan, and I'm wondering if we have the current prevalence of those. Thanks.

Mr. Hendricks: — So in terms of the 2010 population, the number of people aged one year and older newly diagnosed with diabetes each year has grown by 16 per cent, from about 5,300 a year between 2001 and 2004-05 to between 6,150 per year between 2010 and 2014. So the rate has gone from 5,300 in those earlier years to 6,150, the average annual growth. And that is a factor I think both of an aging population, a high representation by indigenous populations, marginalized populations in our province. So the rates of diabetes are growing.

[14:15]

Ms. Mowat: — Thank you. In regards to some of these outstanding recommendations, I know that they came about, the concerns came about quite a while ago: 2013, 2015. I'm just wondering if you can speak a little bit to the ongoing progress and challenges that have pulled it out over time as a result, rather than being dealt with very quickly.

Mr. Hendricks: — Sure. So about 10 years ago we — or a little bit longer even — we started at a process with the Health Quality Council called the chronic disease management collaborative. And what this aimed to do was look at the way that physicians actually provide care to common chronic diseases like diabetes.

And what we found through that process was that physicians oftentimes think they're following best practice but often are not, so like with diabetes, taking a regular A1C, that sort of thing. What happened to that program is it kind of faltered for a

while, but we've actually re-engaged with, as the auditor mentioned, with the chronic disease management quality improvement program. And we've had almost . . . Our goal is to have at least 700, or we've achieved our target enrolment of 765 health care providers going through that program.

And the goal with that program really is to have them follow flow sheets so that they are making sure that they are taking the appropriate steps in treating and managing people with complex chronic diseases like diabetes. And generally what we find is that in those cases obviously there's, you know, there's a provider knowledge and compliance issue, but there's also the patient compliance issue. But certainly in those cases there are better outcomes.

We've also looked at programs where people who are living with diabetes talk to other people who are living with diabetes about how to better manage those sorts of chronic conditions. And so there is activity on the front, but the reason it takes so long, quite honestly, is because changing provider practice takes a long time. It takes a lot of work. It's not something that a bureaucrat like myself can come in and say, you're doing this wrong, you know, you're not following the process.

It usually has to be peer-to-peer, and so it does take a lot of work. And we've worked with the HQC [Health Quality Council], the SMA [Saskatchewan Medical Association] collaboratively to try and advance this, and I think a lot of the work that's going on in the CDM-QIP is quite exciting. And so I don't know, Karen, if you have any other comments.

Ms. Lautsch: — The only thing I would add to that is that one of the key things to improve the CDM-QIP is to get more relevant data at physicians' fingertips so that they can see, my patient has gone to see a foot care specialist, my patient has gone to . . . they've had their blood checked on a regular basis. So having those indicators available on a patient-by-patient basis and available to the physician so they can see them and monitor them — that is a change in data sets. And so we're working to give them the data sets at their fingertips. It's a change in practice in how you manage patients; it's also a change for patients. So it's a change process around the piece, in addition to having the right information for people.

Ms. Mowat: — Thank you. And I guess I'll ask my question first, then I'll provide a little bit of background. What is the ministry doing to ensure proper preventative care? This week there was an article in the *Leader-Post* about diabetics in the province used to be allowed 10 strips per day for testing but that changed in 2015. So there's concerns about having less testing strips available and what the overall cost would be. So what is the ministry's approach to that?

Mr. Wyatt: — Hi. I'm Mark Wyatt, assistant deputy minister. The change that you're referring to was as a result of work that we did directly with the Diabetes Association and in following what is considered to be sort of the best evidence in terms of the number of diabetic test strips that a client may require.

And so the change was made with a provision that if a patient does require more than the number that's identified, that they have the ability to work with their physician and request a larger number, if it's demonstrated that a patient, for

exceptional reasons, does need to have a greater number. So for the most part, I mean the vast majority of patients can work within the limits. That's the reason that we involved and had the support of the Diabetes Association in doing this. It's really for those exceptional patients that we would look at a request to exceed that limit.

Ms. Mowat: — Thank you. And that certainly makes sense to me. We wouldn't want to be wasting resources. Yet I think in this particular case, and maybe this is a one-off situation, but in this particular case, that request was made by the physician and it was denied. So I don't know if there's any follow-up that's being looked at or if you're familiar with this situation.

Mr. Wyatt: — I would need to, I guess, find out the details of the situation and understand why it was, I guess, why it was denied and on what basis their request was made and the decision to deny was made. I think we certainly created the opportunity for additional test strips to be provided with physician recommendation on the basis that if there was a case to do so that we would approve it. I would need to know more about that specific case.

Ms. Mowat: — Fair enough. Thank you. I have no more questions on this chapter, Mr. Chair.

The Chair: — Thank you very much. Any other questions? At this time these are all outstanding recommendations and we have the progress report before us, so I would welcome someone to move that we conclude consideration of this chapter. Mr. Michelson moves. All agreed?

Some Hon. Members: — Agreed.

The Chair: — It's agreed. We'll move along now to chapter 34.

Ms. Clemett: — Chapter 34 of our 2017 report volume 2, on pages 245 and 246, reports the results of our second follow-up of the actions of the Ministry of Health on one outstanding recommendation from our 2012 audit of the ministry's processes to regulate personal care homes in accordance with *The Personal Care Homes Act, 1991*.

By August 2017, the Ministry of Health had fully addressed the remaining recommendation by implementing an IT system to track personal care home inspection dates, non-compliance issues, required actions, and dates that personal care homes complete those actions. That concludes my presentation.

The Chair: — Thank you for your presentation. I'm looking for questions from committee members. Seeing no questions and noting that the recommendation that the ministry is noting that they've implemented the recommendation, I'd look to someone to move that we conclude consideration of chapter 34. Ms. Lambert. All in favour?

Some Hon. Members: — Agreed.

The Chair: — It's agreed that we conclude consideration of chapter 34. And we'll move our attention along to chapter 35.

Ms. Clemett: — Chapter 35 of our 2017 report volume 2, on

pages 247 to 252, reports the results of our second follow-up of the actions of the Ministry of Health towards addressing six recommendations we initially made in our 2012 audit on the ministry's processes regarding regulatory meat processes.

By September 2017 the ministry had fully implemented three recommendations and made progress on three others. The ministry surveyed provincially licensed slaughter plants to determine the number and types of animals slaughtered, implemented a new data management system to help it analyze trends and complaints, and began providing reports to senior management on the number of inspections performed and common deficiencies found during inspections.

However the ministry had not yet approved its draft slaughter plant standards, adequately monitored whether slaughter plants corrected identified deficiencies, or established regulations allowing the results of inspections to be released publicly. As a result, the continued risks exist that meat inspections may not be carried out to the same standards as agriculture-licensed slaughter plants, resulting in unsafe meat.

As of September 2017, the government was considering a unified meat inspection system whereby one ministry would regulate all provincially licensed slaughter plants. That concludes my presentation.

The Chair: — Thank you very much for your presentation on the report. I look to the committee for questions. Ms. Mowat.

Ms. Mowat: — Thank you. So on page 248 we note that the Saskatchewan government was considering moving toward a unified system where one ministry would regulate the Ministry of Agriculture and a regional health authority licensed slaughter plants, and it expected that that would be decided in 2017, 2018. Is there any decision on this? Is it still something that is being considered?

Mr. Hendricks: — Yes. Discussions between the Ministry of Health, Ministry of Agriculture are still under way, but no conclusion as of yet.

Ms. Mowat: — Okay, thank you. In terms of the status update for chapter 35, a number of the recommendations, 1, 3, 4, and 7 all identify a timeline for implementation of fall 2018. I was wondering if the deputy minister could provide some background about what work is going on right now. What do we expect to see in the fall?

Mr. Hendricks: — Yes, so recently we received approval to advance work on amendments to the food safety regulations. So it would incorporate new regulatory licensing provisions for slaughter plants. These regulations would better align with current safe food handling processes, and we would be supported by standards that address design, operational, and maintenance requirements for slaughter plants. And so we expect that we'll take these regulations forward and they will come into force in the fall of 2018, and that would address several of these recommendations.

Ms. Mowat: — Thank you. I have no further questions, Mr. Chair.

The Chair: — Any other questions from committee members? Without seeing any, will someone move that we conclude consideration of chapter 35? Moved by Mr. Weekes. All in favour?

Some Hon. Members: — Agreed.

The Chair: — So moved. We'll move along to . . . Is this our final chapter of the day? . . . [inaudible interjection] . . . There's a second page to the agenda. That's kind of good. I'll flip that over and be ready for that shortly. Chapter 38.

Ms. Clemett: — Chapter 38 of our 2016 report volume 2, on pages 263 to 267, reports the results of our first follow-up of the Health Quality Council's progress towards addressing our recommendations we initially made in our 2014 audit of the council's processes to coordinate the use of lean as a continuous improvement methodology across the health sector.

By September 2016 the council had implemented three of the five audit recommendations. It collected information from the health sector agencies on ongoing results achieved through lean events and the sustainability of those results. It routinely shared information across health sector agencies that demonstrates how lean activities contribute to strategic priorities. It reported results to the Ministry of Health and health sector agencies.

By September 2016 the council had not yet implemented a risk management framework for coordinating the use of lean across the health sector. In addition, it did not yet report to the public on outcomes achieved through the use of lean across the health sector.

Implementing a risk management framework would better equip the council and health sector agencies to manage and address issues that can affect the use of lean. The council expected it would have a risk management framework in place by December 2016. Reporting information on benefits realized from the use of lean would enable the public to determine whether, in its view, the investment was worthwhile and the health sector had achieved the objectives it had expected. That concludes my presentation.

The Chair: — Thank you for your presentation. Looking to the committee for questions. Ms. Mowat.

[14:30]

Ms. Mowat: — Thank you. So in the report it indicates that the Health Quality Council, in collaboration with the ministry, was developing but had not yet finalized a risk management framework for coordinating the use of lean across the health sector. Is coordinating the use of lean across the health sector still a goal of the ministry's?

Mr. Hendricks: — I would say that coordinating . . . We're taking a bit broader view of it now. Lean is still an important foundational piece of it, but the way that we . . . Our focus has kind of shifted now as to a more continuous improvement more broadly, trying to use some of those key principles of lean — and I'll just be blunt — throwing out some of the ones that were more contested and difficult for people in health professions to understand and appreciate. And so we've kind of, we've

modified it significantly, but still have the same foundational principles. And so we are continuing to use those in the health system; just we're calling it and approaching it from a different perspective.

Ms. Mowat: — Thank you. Is there a point person who is running the implementation of lean in continuous improvement within the ministry right now?

Mr. Hendricks: — So we have a continuous improvement person, or a continuous improvement office in the ministry. ADM [assistant deputy minister] Wyatt is the ADM responsible for continuous improvement, but we're also . . . We collaborate with the Health Quality Council and the Saskatchewan Health Authority to deliver that training and those programs.

Ms. Mowat: — Thank you. The report indicates that in February 2016 the Provincial Quality, Safety, & Lean Management committee was established. Is this committee still in place?

Mr. Hendricks: — Yes, yes they are.

Ms. Mowat: — Thank you. The auditor “. . . recommended that the Health Quality Council report to the public on outcomes achieved through the use of Lean across the health sector.” The auditor noted Health Quality Council's “. . . website (BetterHealthCare.ca) provides public reporting on the outcomes of improved health care quality related to specific improvements.” This website doesn't appear to have been updated recently. Is this still a goal that's in place or is it being reported elsewhere?

Mr. Hendricks: — So maybe just . . . I'll answer this question a couple of ways. You know, at Public Accounts and estimates Ms. Chartier often has talked about when an evaluation of lean was going to be done. We had proceeded down the road with a process to actually have a pretty formal evaluation in conjunction with the Canadian Institutes of Health Research. That was actually denied, and so our process for actually undertaking a complete and kind of peer-reviewed analysis hasn't gone ahead.

One of the things that we have discovered, we were . . . You know that we're still actually doing lean and that sort of thing and continuous improvement throughout the system. But one of the challenges that we had fairly early on was the reporting of your outcomes and outputs and that sort of thing under lean. Again that was something that health workers found difficult because there were certain measures in there that they didn't appreciate as well.

At some point the ministry will be . . . And when we continue to look at how we'll kind of tell our story about lean and how the health system has adopted and what outcomes and benefits the patients have seen, I would argue that, you know, beyond the dollars and cents, the improvements in patient care, safety, and quality — that a lot of people don't even know have happened because of the continuous improvement — are there and are working every day to improve the effectiveness of our system. So we continue to do it but we still do need to do an evaluation. And I think that's expected and understood.

Ms. Mowat: — Thank you. And is the website still being updated often, do you know?

Mr. Hendricks: — I don't think it's being updated as diligently as it was for a period.

Ms. Mowat: — Thank you. The report notes:

. . . the health sector has made a significant initial investment in Lean. The public needs information on the benefits realized from the use of Lean to enable them to determine whether, in their view, the Government's investment in Lean is worthwhile.

In the auditor's opinion, has the ministry or Health Quality Council demonstrated value to the public for this investment?

Ms. Ferguson: — We're not in a position really to measure that, you know. So I think it's really what we're asking is that this is an area we really think management needs to go first and they need to, you know, gather the information and do the measurement. And as the deputy minister indicated, you know, I think it is an area that the public does have an expectation that at some point in time that they report back.

Ms. Mowat: — Okay, thank you. And so there doesn't really seem to be any consensus in terms of what that reporting back would look like at this point. Because you mentioned that the formal process, it can't really go ahead.

Mr. Hendricks: — Yes, so I think that because there's been a change in lean or the shift to continuous improvement, and we've changed some of our approaches kind of midstream actually to make it more compatible with, you know, acceptance by health care providers and kind of listening to their input, you know. So there's been a shift and I think we just have to figure out how we do this. Like you know, the reality is until we do this, this recommendation will always be here so we will have to do something to address it.

Ms. Mowat: — Okay, thank you. And the auditor's not considering any evaluation of this until the ministry does an evaluation. Is that correct?

Ms. Ferguson: — I really do think it is an area that, you know, in terms of the expertise to do this evaluation frankly does reside within the health sector itself, you know, within the folks in the Health Quality Council and the ministry. In our view, like there was, as the report indicates, there was a significant investment in lean as has been made public. The approach that the health sector used was quite different than the approach that the, you know, the rest of government has used on it. And so I think it's, you know, because there's a different level of investment there, the public expectations are different in that area.

Ms. Mowat: — Thank you. I have no further questions, Mr. Chair.

The Chair: — Good questions, thank you. And certainly, you know, the committee awaits — and I think the public does as well — a full proper evaluation of the program. Any further questions at this point? Not seeing any, maybe someone can

move a motion that we conclude consideration of chapter 38.

Ms. Carr: — So moved.

The Chair: — So moved by Ms. Carr. All in favour?

Some Hon. Members: — Agreed.

The Chair: — It's agreed.

Health Shared Services

The Chair: — So we'll move along to Health Shared Services chapters. We'll start with a chapter that has some new recommendations within it from the 2015 report volume 2, chapter 34.

Ms. Clemett: — So chapter 34 of our 2015 report volume 2 on pages 185 to 203 reports the results of our audit of 3sHealth [Health Shared Services Saskatchewan] processes to procure goods and services for its member agencies. It includes 13 new recommendations for the committee's consideration.

3sHealth facilitated the purchase of goods and services on behalf of regional health authorities, their affiliates, and the Saskatchewan Cancer Agency. During a 12-month period ending August 2015, it facilitated the purchase of almost a quarter-million dollars of goods and services. 3sHealth negotiated about half of the dollar value of these goods and services contracts itself, and a national group purchasing organization negotiated the other half on 3sHealth's behalf. We concluded, for the 12-month period ended August 2015, 3sHealth had, other than reflected in our 13 recommendations, effective processes to procure goods and services for its member agencies.

Chapter 36 of our 2017 report volume 2 on pages 253 to 259 reports the results of our first follow-up of 3sHealth's progress to addressing those 13 recommendation as at mid-July 2017. So my presentation's going to focus on the 13 recommendations we made and then note their status as at mid-July 2017.

In our first recommendation on page 190, we recommended the board of Health Shared Services Saskatchewan approve procurement-related policies. We found its board of directors had not approved 3sHealth's procurement policies; only senior management had. The board had not given senior management authority to approve the procurement policies. As procurement policies are crucial to 3sHealth's achieving its mandate, the board should approve these policies. Lack of board approval of key procurement policies increases the risk that inappropriate financial decisions may be made. By July 2017, 3sHealth had implemented this recommendation.

In our second recommendation on page 191, we recommended Health Shared Services Saskatchewan provide its relevant procurement policies and procedures to the selected national group purchasing organization. So even though 3sHealth's agreement with the national group purchasing organization requires that organization to comply with 3sHealth's procurement policies and procedures, 3s had not provided the organization with its relevant procurement policies and procedures. Without 3s's providing this information, the

national group purchasing organization would not know 3sHealth's expectations for procurement practices. By July 2017, 3sHealth had fully implemented this recommendation.

In our two recommendations on page 192, we recommended Health Shared Services Saskatchewan implement procedures to identify, track, and monitor instances of non-compliance with procurement policies. We recommended Health Shared Services Saskatchewan give its board periodic reports on significant incidents of non-compliance with procurement policies and steps taken to address them.

3sHealth did not track or summarize instances of identified non-compliance with procurement policies or their resolution. In addition, 3sHealth's senior management or the board didn't receive reports on identified non-compliance with its procurement policies for the national group purchasing organization-led procurements. Management indicated reports weren't provided as no significant issues were identified through its representation on the national group purchasing organization's board, participation on the various committees of the organization, and involvement in the purchasing process. Non-compliance with procurement policies may expose 3sHealth to significant financial, legal, and reputational risks. By July 2017, 3sHealth had fully implemented these recommendations.

In our recommendation no. 5 on page 194 we recommended Health Shared Services Saskatchewan document rationale for the shared procurement method selected, so whether it was internally led, sole sourced, or national group purchasing organization led. We found that staff did not complete the justification document as its policy requires. For sole-source procurements, its policy requires staff to complete an exception justification document before initiating a sole-source procurement.

Documenting rationale that provides the basis of your procurement method decision helps ensure the best procurement method is chosen, and the decision can withstand the scrutiny of all member agencies. This can also help ensure externally imposed procurement requirements like the New West trade partnership agreement are met and best value is achieved and potential suppliers are given equal and fair treatment. By July 2017, 3s had partially implemented this recommendation. It continued not to consistently document the basis for using sole-source or single-source procurement method.

In recommendation no. 6 on page 195 we recommended Health Shared Services Saskatchewan develop a process to confirm that member agencies and the national group purchasing agency staff involved in the shared procurement activities regularly sign conflict-of-interest declarations. We found 3sHealth does not know whether member agency staff with procurement responsibilities may have conflicts of interest. We found 3sHealth exempted staff of member agency with procurement responsibilities within their respective agencies from having to sign a conflict-of-interest declaration with 3sHealth.

3sHealth indicated that staff of respective member agencies may sign conflict-of-interest declarations as part of their agency's policies, but they did not know whether or not they did and what conflicts would have been declared. For national

group purchasing organization-led procurements, 3sHealth did not request or receive information to confirm the national group purchasing organization staff regularly signed conflict-of-interest declarations. Failure to identify and resolve conflicts of interest may result in unfair treatment of suppliers and inappropriate supplier selection decisions. This increases the risk of loss of public confidence in 3sHealth's procurement process. By July 2017, 3sHealth had fully implemented this recommendation.

[14:45]

Recommendation no. 7 on page 196 we recommended Health Shared Services document evaluations of all proposals received in response to shared procurement tenders. We found 3sHealth did not always document its evaluation of proposals against criteria in tender information provided to potential suppliers. One of nine internally led procurement files that we tested did not include the documented results of evaluating the criteria outlined in the tender against information provided by the potential suppliers. Documenting evaluation of bids increases the transparency of the process and allows for the ready review of supplier selection decision in case of complaints. By July 2017, 3sHealth had fully implemented this recommendation.

In our recommendation no. 8 on page 197 we recommended Health Shared Services obtain approval from member agencies prior to extending existing purchase commitments with the national group purchasing organization. We found that 3sHealth extended existing purchasing commitments with the national group purchasing organization without seeking or receiving approval for member agencies to do so.

Purchase commitments are agreements to buy certain goods or services from a single supplier at a set price for a set period of time. We did not find evidence that 3sHealth sought information from member agencies on performance of suppliers selected by the national purchasing organization before making the decision. Extending existing purchase commitments with the national group purchasing organization without further analysis increases the risk that 3sHealth may renew agreements with suppliers who do not meet the needs of member agencies.

By July 2017, 3sHealth had partially implemented this recommendation. We found that although it had changed its process to seek approval from its member agency, it did not also always do so.

On page 198 our ninth recommendation, we recommended Health Shared Services Saskatchewan communicate to bidders the bid protest mechanism available under the New West trade partnership agreement. Although 3sHealth had an established process to receive complaints from bidders, it did not have a bidder appeal process. Management indicated it was aware of changes to the New West trade partnership agreement in July 2015 to establish a bid protest mechanism, and by July 2015 it had not communicated the availability of the bid protest mechanism to its bidders. By July 2017 though, 3sHealth had fully implemented this recommendation.

In our recommendations no. 10 and no. 11 on page 201, we recommended Health Shared Services Saskatchewan track and periodically assess the performance of its suppliers of goods

and services for shared procurements. We recommended Health Shared Services Saskatchewan regularly provide information on supplier performance to member agencies, senior management, and the board.

We found 3sHealth did not actively monitor or track supplier performance. Other than receiving product issue reports from member agencies, 3sHealth collected limited information on supplier performance. Lack of supplier performance information limits 3sHealth's ability to use this information to make future supplier selection decisions.

In addition it did not formally share collected information with its board, the material management committee, member agencies, or others with responsibilities for procurement. Not sharing information about supplier performance can result in member agencies continuing to purchase goods and services from suppliers with known problems, resulting in increased costs.

By July 2017, 3sHealth had partially implemented these recommendations. Since the 2015 audit, it had created an annual suppliers' review process. But as of July 2017 it had not completed periodic assessments of supplier performance nor reported the results to the member agencies or its board.

For recommendation 12 on page 202, we recommended Health Shared Services Saskatchewan validate annually the reasonableness of growth rates used to estimate cost savings related to inflationary price increases. We found 3sHealth did not validate the assumptions it used each year to estimate its annual cost savings. For example, it did not assess the basis or appropriateness of growth rates it obtained from the Ministry of Health.

3sHealth's internal audit had last validated the reasonability of the assumptions and calculation methodologies in 2013, two years previous. Not validating the reasonableness of the assumptions used in the methodology increases the risk that 3sHealth may report inaccurate cost savings. By July 2017, 3sHealth had fully implemented this recommendation.

For recommendation no. 13, our last one, on page 202 we recommended Health Shared Services Saskatchewan make public its estimate of annual cost savings to the health care system along with information to help the public understand the basis for its estimate. We found that 3sHealth's 2014-15 annual report included cumulative savings only and did not set out cost savings by year. Focusing only on cumulative savings does not give the public sufficient information to enable them to assess the value 3sHealth has achieved in each given year.

Furthermore, 3sHealth did not tell the public that the publicly related cumulative saving is an estimate and that this estimate may differ from actual savings.

By July 2017, 3sHealth had partially implemented this recommendation. While 3s had published the health system's estimated annual cost savings and how it was calculated, we found the information was not complete or clear. For example, it didn't clearly advise the public that the cost savings were estimates and include information that would help the reader understand the extent to which the estimate may differ from the

actual savings. 3sHealth did not advise the public that it does not calculate the actual savings realized based on actual usage. That concludes my presentation.

The Chair: — Thanks so much for that presentation. A lot of work into that report and a lot of updates. Looking forward to certainly questions but also seeking any updates from the ministry.

I know we're joined here by some guests here today, actually a large group that's made their way down from Wilkie, McLurg School in Wilkie. I believe it's a grade 10 group that's joined us here today. So welcome to that group. I actually met a group of grade 12s earlier here today, as I was coming into the committee, from Wilkie as well. So thanks for coming into the legislature. I know you have a tour here as well.

This is the Standing Committee on Public Accounts and it's a scrutiny committee — an audit committee within the legislature — and it's looking at government processes. And it's an after-the-fact audit of government spending and as well some assessments of value-for-money and performance audits that focus a lot of the attention on the reports of the independent Provincial Auditor within our province.

So to students, I think this is an important committee to ensure checks and balances are in place and important, very important work when you have the independent Provincial Auditor, who's independent of any of the political parties and any of the caucuses, out to do that work.

And then at this committee you have members from both parties represented in the Assembly here today, as well as officials at the end of the table who are lead civil servants. In this case you have the deputy minister for Health and in a way he's kind of a big deal because he represents the largest ministry with the biggest spend across our province, and certainly for a health care system that we all value and that we all work to continue to strengthen and improve.

I should say I've got a buddy that's brought this group of students in here today: Mr. Kent, in the back. Mr. Kent, boy he was a good athlete; I know he still is. He's leading the wrestling program out of the area there. I knew Mr. Kent for a lot of years, but back in high school he was a tremendous wrestler. Football, you were on the line. You might be able to assess that by simply turning around and observing Mr. Kent, not a small individual and also a real force as a forward, as a rugby player as well, all around good person, and I know cares deeply about the students that he supports. I should note that one of the students that he supported over the years was Matt Fedler, who was here recently as well at the legislature, who was the captain of the wrestling program out there.

But welcome to these students from Wilkie. Best wishes with the end of your year here. I do want to say that if the government, the current government, decides to try to cancel summer holidays, the official opposition will fight that move every step of the way. Welcome to your Assembly, and I know the member for Biggar would like to offer some remarks as well.

Mr. Weekes: — Thank you, Mr. Chair. Yes, I also would like

to greet you. I used to represent Wilkie up until the last boundary change. I believe Larry Doke is your MLA [Member of the Legislative Assembly]. And I guess I met you as you were coming into the legislature earlier today, so welcome, and I think maybe I'll get together with you after. I'd love to sit down with you and have a Q & A [question and answer] with you and just go over some, any questions that you have, and get to reacquaint with you. And I, like I said, I used to represent you and your parents in the past. So welcome, and we'll see you later.

The Chair: — Thanks so much. Are there questions from committee as it relates to, not for the delegation from Wilkie but as it relates to the chapter before us? Ms. Mowat.

Ms. Mowat: — Thank you. I will ask I think a few questions about chapter 34 first, although we're kind of going back and forth between the two as they very closely relate as well. So I appreciate all of the reporting and reporting them together and how the processes have evolved over time, but I do have some follow-up questions on a few of those different pieces.

First of all I'm happy to see that a number of these recommendations have been implemented. So we're dealing with mostly the outstanding recommendations here, is what we're dealing with.

So from chapter 34 in 2015 volume 2, there was a report about the split between GPO [group purchasing organization] and internal procurement for the period ending in August 2015. And it said, "About half of the \$221 million in purchases 3sHealth facilitated for this 12-month period . . . were internally-led procurements, and the other half were GPO-led procurements."

And I'm wondering what the split was for GPO and internal procurement in 2016 and 2017.

Mr. Hendricks: — I could check with them and get back to you on that for sure, report back to the committee. I just don't have the figure with me.

Ms. Mowat: — Sure, that would be great. Thanks. Just to follow up, 2016 and 2017 is what we're looking for.

Mr. Hendricks: — Okay.

Ms. Mowat: — The auditor recommended that the information provided by the Ministry of Health to estimate cost savings needs validation. She indicated that 3sHealth did not validate the accuracy of inputs into the cost savings calculations prior to reporting to the public. It's been widely reported to the public and in the media that there's been over \$100 million in savings. Has the publicly reported figure been validated by 3sHealth? And if so, was there any variance?

Mr. Hendricks: — So what 3s has done to actually address that is in 2017 they hired an accounting firm to audit its estimated cost savings from 2010 to 2017. The results of this audit have been posted now on 3s's website. In addition 3s has posted supplemental information on its website to help the public understand the basis for the estimates.

You know, part of the challenge of procurement, and any of the

lines of business that 3s has gotten into, is they have to use estimates to understand what they might have saved, you know, given inflation, that sort of thing. And so you know, this is just the check to make sure that actually they are making reasonable estimates.

And this was actually done at my behest because, you know, it wasn't just the public; it was, you know, RHAs [regional health authority] at the time and the ministry who said, you know, we have to have some assurances that these are reasonable estimates in terms of the total savings. And so they've tried to add some structure and have those validated by a third party now so that there's just . . . You know, they're demonstrating that what they have done is very accurate, but I think for public and those users of shared services, they needed that external validation.

[15:00]

Ms. Mowat: — Thank you. So in terms of the \$100 million in savings, was that number found to be accurate?

Mr. Hendricks: — There are a couple of business lines that they've looked at in terms of procurement but also in terms of linen services, laundry services, and the outsourcing, and they've found that those estimates were accurate.

Ms. Mowat: — Thank you. The auditor found that the 2014-2015 annual report included only cumulative savings that focused only on . . . Focusing only on cumulative savings does not give the public sufficient information to enable them to assess the value of eHealth that they've achieved in a given year. How has this process changed? And are savings being reported annually?

Mr. Hendricks: — Yes, they can be reported annually like . . . I would be the first to acknowledge that the cumulative savings thing can be a little bit misleading, distracting, whatever. And so we've talked to them and I talked to the former CEO [chief executive officer] about having annual reports about what the in-year savings from each of their lines of business were.

Ms. Mowat: — Thank you. We've also talked about how 3sHealth doesn't tell the public that the publicly reported cumulative savings are an estimate and that the estimate may differ. Do officials feel that they have begun to communicate this with the public more accurately?

Mr. Hendricks: — I'm not sure I understand the question actually because, you know, I think that they are using estimates. They have had that third party validation by an accounting firm which has indicated that they are using reasonable estimates, right? I think like anybody, you know, there was some healthy skepticism about whether those savings were real and were using real assumptions or reasonable assumptions, and they have been found by an external body to be realistic, I guess.

Ms. Mowat: — Thank you. In chapter 36, the recommendation no. 13 from page 258, just below it, it's talking about:

Since July 2015, Health Shared Services Saskatchewan published on its website information on the health system's

estimated annual cost savings and how it calculated these cost savings but information is not yet complete or clear.

In July 2017, Health Shared Services Saskatchewan hired an accounting firm to audit its estimated cumulated cost savings from 2010 to 2017 based on its savings calculation framework. At the time of our follow-up, Health Shared Services Saskatchewan had not yet published the results of this audit.

And I see in terms of the status update that has been provided, it appears that the audit is complete. Is that correct?

Mr. Hendricks: — The results of the audit have been posted on 3s's website. Yes.

Ms. Mowat: — Okay. And is it the full report as a result of the audit that have been posted, or is it a highlight?

Mr. Hendricks: — I'm actually not sure if it's . . . Auditor says it's a full report.

Ms. Ferguson: — Yes, it does include the auditor's report along with what the auditor audited. So it does have the statement behind it, along with notes explaining the framework that management followed in doing the calculations. So that's what they opined on, is that management actually followed the framework that they set out.

Ms. Mowat: — That is great to hear. Thank you very much. Just checking here. Yes, I have no further questions on these chapters, Mr. Chair.

The Chair: — All right. Any further questions from committee members? Not seeing any, will someone move that we conclude consideration of chapters . . . Just a second here. We're dealing . . . These are all, actually, have never been voted on. They're all brand new — just out of 34, the 13 recommendations. So we will make a motion with respect to the 13 recommendations.

Is there a recommendation before us as you folks canvassed this, that they felt hasn't been implemented? Or is it fair to say, maybe deal with a motion that deals with recommendations 1 through 13, that we concur and note compliance? So I'd welcome a motion.

Mr. Michelson: — I so move that we concur with the recommendations and note compliance.

The Chair: — Mr. Michelson's moved that we concur and note compliance. All in favour?

Some Hon. Members: — Agreed.

The Chair: — It's agreed. It's moved that we concur and note compliance for recommendations 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, and 13 for chapter 34, Health Shared Services Saskatchewan, shared procurement from the 2015 *Report of the Provincial Auditor* volume 2.

And now I'll entertain a motion that we conclude considerations of chapter 36.

Ms. Carr: — I so move.

The Chair: — Moved by Ms. Carr. All in favour?

Some Hon. Members: — Agreed.

The Chair: — So moved. I think I heard a couple agrees there so, so moved. And I guess I'd at this point thank the officials from the Ministry of Health, Deputy Minister Hendricks, and all officials, all others as well that are involved as partners across the province to take on this meaningful work. So thank you very much.

As well to say it's very helpful to have these status updates. It allows us to sort of focus our work as well, so thank you very much. And without any other motions, I'd welcome a motion of adjournment. Mr. Weekes. All in favour.

Some Hon. Members: — Agreed.

The Chair: — So moved. It's agreed. This committee stands adjourned until Wednesday, June 13th, 2018, at 9 a.m.

[The committee adjourned at 15:06.]