

## STANDING COMMITTEE ON ESTIMATES

April 25, 1995

**The Chairperson:** — I'll call the committee to order. I want to welcome everybody here this morning, the first meeting of the Standing Committee on Estimates.

You had all received notification of the meeting, and in the notification there was an unintentional limiting of a time. I don't know how many of you took that you've got only one hour here today, but I want to deal with that first of all because it wasn't my intention to limit it to just one hour. And we should just, before we get started, find out whether people are able to stay longer than 10 o'clock, so it's kind of difficult to finish everything off sometimes within an hour.

Does anybody have objections to going beyond 10 o'clock and . . . (inaudible interjection) . . . You can't stay past 10.

**A Member:** — I'm with him.

**The Chairperson:** — And you can't stay. Well let's just go ahead then. If we can't, we can't. We'll have to maybe set up another meeting. And if that's the case, what we'll try to do is stop about 2 minutes to 10 and just arrange for the time for the next meeting.

The order of reference agreed to by the Legislative Assembly on April 4, 1995 was as follows:

That the *Estimates* subvotes LG01 to LG06, the *Supplementary Estimates* subvotes LG03 and LG04, for the Legislative Assembly being vote 21, and the estimates for the Provincial Auditor being vote 28, be withdrawn from the Committee of Finance and referred to the Standing Committee on Estimates.

So that is our mandate of this committee, is to look at that.

I welcome the Provincial Auditor and I welcome the Speaker to the committee. And the first order of business will be the estimates for the Provincial Auditor.

Mr. Speaker, perhaps at this time you could introduce the auditor and his officials.

**The Speaker:** — Yes, thank you, Mr. Chairperson. Ladies and gentlemen, it is certainly my pleasure to once again introduce

to you the Provincial Auditor, Wayne Strelloff, who is sitting immediately to my left; and the assistant provincial auditor, Fred Wendel, sitting to his left. In the back we have Sandra Walker who is the assistant office manager, and beside Sandra is Kevin Taylor who is the senior auditor in the Provincial Auditor's office. Those are the officials that are here with the Provincial Auditor this morning. Thank you.

### General Revenue Fund Provincial Auditor Vote 28

**The Chairperson:** — Thank you very much. The first item of business, as I mentioned, is the estimates for the Provincial Auditor. The reference page from the *Estimates* booklet is page 108, vote 28. There's one item: administration of The Provincial Auditor Act. We can open discussion on that now. I ask if item 1 is agreed.

#### Item 1

**Mr. Goohsen:** — Mr. Chairman, this is my first meeting at this committee, and I'm not exactly sure what the process is here compared to Crowns or some of the other committee meetings that I've attended, but I have a lot of questions that we'd like to ask of the auditor. And I'm not sure what process we should follow or when we should interject these. And I'm presuming that now is the time that we should find that out.

**The Chairperson:** — You're correct. We follow the same procedure as you do in other committees, that is, direct your questions through the Chair to the appropriate official.

**Mr. Goohsen:** — Very well. Then I have questions to ask . . .

**The Chairperson:** — Pardon me, they'll be directed to Mr. Speaker, but through the Chair. We use the same process as we do in the estimates in the House.

**Mr. Goohsen:** — Okay. Should I continue with my questions or . . .

**The Chairperson:** — Please carry on.

**Mr. Goohsen:** — Thank you. Thank you, Mr. Chairman. Mr. Speaker, the Provincial Auditor's budget has been increased from 3.8 million in 1994-95 to close to 4.8 million and

we would like to know, do you believe that these funds are enough for you to sufficiently audit the government to your satisfaction?

**The Speaker:** — Mr. Chair, I will ask the Provincial Auditor to answer the question. We did . . . he made his request to the Board of Internal Economy and the Board of Internal Economy listened to his request and made a recommendation to the Legislative Assembly. But I will certainly let the Provincial Auditor answer more directly the question.

**Mr. Strelloff:** — Thank you, Mr. Chair, members. The question was that, is the proposed funding sufficient to do our work? Yes, it is. You noted that our budget is being increased. The proposal is to increase our budget from 3.8 million to 4.377 million. That increase is for funding from the General Revenue Fund rather than funding . . . the increase represented by funding from audit fees.

If you look on page 19 of the business and financial plan that we provided to you, the actual increase from '94-95 to '95-96 is from 4.342 million to 4.377 million. The difference between the 3.815 million of last year and the 4.342 million of actual spending relates to audit fees that we've charged government organizations and used those fees to pay our costs. This year the proposal is that all our funding comes from our appropriation.

**Mr. Goohsen:** — Where are the areas you believe could be improved?

**Mr. Strelloff:** — The areas that could be improved in what respect?

**Mr. Goohsen:** — In respect to having more access to funding so that you could perhaps do a better job and be more efficient in your work.

**Mr. Strelloff:** — Well the proposal that we made to the Board of Internal Economy was for a budget of 4.377 million. That proposal was accepted by the Board of Internal Economy. When we developed that proposal, we costed out all the audit work that we planned to do to meet our responsibilities under The Provincial Auditor Act. The cost of that translated into 4.377 million. The detail on what we plan to do is in appendix 1 beginning on page 25. So the funding proposal allows us to carry out our planned work.

In previous years we financed part of our

funding from audit fees; this year our full funding . . . the proposal is to have it all come from the appropriation. So we think that if the funding proposal is accepted, we will be able to carry out our responsibilities during this '95 and '96 year.

**Mr. Goohsen:** — Described in the book I noted here that you have a mission that you feel that you are to carry out. Can you accomplish that at the present rates that you're allowed to work with?

**Mr. Strelloff:** — The funding proposal, 4.377 million — our plan is to carry out the work plan that's set out in the business and financial plan that we provided you. We think and we still think — this is 3 or 4 months later — that that funding is sufficient.

**Mr. Goohsen:** — All right. Now last year your report proposed budget of 4.7, and you ended up with much less than that. How did you feel that that affected your ability to fulfil your duties for that period of time?

**Mr. Strelloff:** — Last year, right on page 18, shows the budget request of 4.7. And our latest forecast for '94-95 is 4.342 million. The work that we did not do, as we discussed in last year's budget submission and meeting with the standing committee and the Board of Internal Economy, primarily related to district health boards.

On page 47 we show the work that we will not be doing for that particular budget year as a result of the funding and the funding that we were provided, the revenues that we were provided. And the list on 47 and 48 . . . (inaudible interjection) . . . Sorry, it's page 49, scheduled audits that will not be done for the '94 fiscal year. So that schedule shows, as a result of not receiving sufficient revenues, we did not do that list of organizations. A lot of those organizations relate to district health boards. I think there's perhaps 23 district health boards that are in that list. In our plan for '95-96, if the funding that is requested is approved, we will be doing those district health boards.

And the next year, the schedule of audits that will not be done for the '95 fiscal year, should be empty, meaning that we should be doing all our work, and we should be reporting too that we have done all that work.

**Mr. Goohsen:** — So what happens to these that are listed now on page 49 and wherever

length that they go to . . .

**Mr. Streliaff:** — That means the list on 49 . . .

**Mr. Upshall:** — Point of order, Mr. Chair. My point of order is I don't think this is in order. It's the year before, and we're carrying out the estimates for the coming spending year, and I think we have done the estimates and discussed this last year. And although a very interesting conversation, I just don't think there's any relevance to this year because, as the auditor points out, their funding is available. And all those, that list that he's referring to, is going to be audited by the auditor this year. I think it's out of order.

**The Chairperson:** — Thank you, Mr. Upshall. The process that we would be following is to . . . we're dealing with the funding with respect to the proposed budget for the coming year. The member is able to reference into the past year but not to concentrate on the past year. The references should be kept brief for comparison purposes, not for points of debate.

**Mr. Goohsen:** — Thank you, Mr. Chairman. I will try to tie this back together to the current year and make my point succinctly and quickly.

Mr. Speaker, the point that I'm going to make is simply this. That we have what looks like — I haven't counted these — but it looks like a page and a half of entities that were not audited last year. And obviously someone must have checked to see that they were properly run and properly taken care of. And I guess the general public might want to ask the question, why have we increased the auditor's budget by a million dollars if this whole process could have been handled without you spending that million dollars this year?

And so I guess what I wanted to do was to establish whether or not there was sufficient accountability last year; and if there was, who paid for that and then why did we make the change to extending all these funds to the auditor to take over and do all of these entities this year when they must have been taken care of last year already?

So perhaps you would explain to me how this process works, that it is justified to take on another million dollars worth of responsibility in this department of yours to do something that somebody else obviously must have done last year.

**Mr. Streliaff:** — Members, if you'd turn to page

19, page 19 shows our spending forecast for '94-95, and then the proposed budget for '95-96, and then a forecast of what the budget looks like for '96-97.

Now as you can see, our forecast for spending for '94-95 is 4.342 million. Now that is more than our appropriation. Our appropriation is 3.8 million. Now the difference between 3.8 and 4.3 million is where we are charging government organizations for our work, rather than . . . for work in addition to what was provided for in our appropriation.

This year, the '95-96 proposal of 4.377 million, as you can see, increased our costs by about 30,000. The significant difference that's happening now though, or is being proposed, is that our funding . . . the proposal is to have all our funding come from an appropriation rather than having part of our funding coming from an appropriation and part of our funding coming from fees charged to various Crown corporations and revolving funds and other government agencies.

So the increase in our costs from last year to this year is 4.342 to 4.377 million. The key change is that it's coming from an appropriation. And we've recommended for quite some time that our funding do come from an appropriation because we work for the Assembly; we don't work for government organizations, and therefore our funding shouldn't come from government organizations.

And the change in the budget proposal is . . . the increase in the budget proposal is mainly related to that change in the funding source.

**Mr. Goohsen:** — Then the thing though that I wonder is . . . I'll just have to take a step back and ask you a reversed question into last year again.

**Mr. Streliaff:** — Okay.

**Mr. Goohsen:** — Were this, on page 49, 50 that are listed, were they audited by someone, and was that audit satisfactory to you?

**Mr. Streliaff:** — On the page 49, most of these organizations, particularly the district health boards, were audited by an auditor appointed by those district health boards.

As you know, when that is done we then normally participate in the audit by reviewing what those appointed auditors do and ensuring

that we are able to conclude at the end of the day that the work was done well and that the Assembly has our advice on that. Or if there is any problems, we bring those to your attention.

For this list, most of them were done by public accounting firms, but we did not participate so we cannot tell you whether the work for, say, these district health boards, was done well. Or we haven't . . . or issues that surfaced during the audits of those organizations, we weren't able to bring those issues to your attention.

For '95-96, we plan to participate in all these audits. The field work, the public accounting firms will still be involved in the work. What we'll be doing is overseeing that work and then reporting to you, as legislators, the results of that work.

But in the prior year we were not able to participate in that work.

**Mr. Goohsen:** — I think this is a better process just to, you know, throw that into the mix, but I feel like I have to question what comfort zone the general public and the taxpayers could have in knowing that last year was all done okay.

Is there a public record, a track record, that can be checked out by people who are concerned about how health boards were operated?

**The Chairperson:** — Mr. Goohsen, the question that you ask at this particular moment has been debated in the Public Accounts, which is the forum for discussion of monies spent in the past, which is my understanding.

I am advised it was discussed at some length. This particular item was discussed at some length in the last go-around in Public Accounts.

**Mr. Goohsen:** — Well thank you, Mr. Chairman. Obviously I have no knowledge of that. And I'm not too sure how in this Assembly one could expect to know that unless you're on every committee in the entire process.

**The Chairperson:** — I don't . . . That's exactly why we brought this to your attention, so that . . . to know that our objective is not to duplicate processes.

**Mr. Goohsen:** — Very well. So, Mr. Speaker, the point that I think the taxpayers are making is that last year there didn't seem to be any

really true accountability of our health boards as I see here. So what specifically happens now in the case of the audit of health boards? And apparently we're going to have them included now and all these from page 49 or 50 will be included in the auditor's reports and checks and balances. So what exactly is going to happen there, and how will they be checked and what accountability will be there?

**Mr. Strelloff:** — Mr. Chair, members, our office is going to participate in each one of these audits of all the 29 district health boards that are out there. And as a result of our work and the work of the public accounting firms that are there, we will bring to your attention the assurances that we provide that if the financial reports or if the district health boards have prepared reliable financial reports, if they've complied with legislative authorities, if they have good systems of management, we'll say that to you.

In those cases where they don't, we'll report that as well to you in our reports to the Assembly. And that's what's going to happen if the proposal that is on the table today is accepted. Last year we didn't participate in all the audits of all the 29 district health boards.

**Mr. Goohsen:** — Okay. So how much money more is it going to cost then now this year than last year to audit health boards?

**Mr. Strelloff:** — I bring your attention to page 13, paragraph .57 of our plan, where we explain some of the changes in our spending proposals. And for '95, as you note, the spending proposal on page 19 shows that '94-95 our forecast is 4.342 million; for '95-96 the forecast is 4.377 million. And there's a small increase there but there's some increases and decreases underlying that.

We're increasing . . . we'll have increased costs related to doing . . . to participating in all 29 district health boards. We're also decreasing costs as a result of implementing or following the recommendations of the task force on the roles, responsibilities, and duties of auditors. And as well, as a result of health boards moving fairly quickly to integrate their administrative practices which reduces our cost by about \$160,000. But there is an increase to our cost as a result of planning to participate in 23 new district health boards, and that cost is about . . . that cost approximates \$11,000 each. So the cost of us coming to the table for the 23 additional district health boards, for each one of those,

approximates \$11,000 each.

**Mr. Goohsen:** — Now are all of the health boards now using the same accounting principles?

**Mr. Strelloff:** — Members, if you remember, our office has not examined 23 of them, so we don't know what the practices are for those 23. For the six, we do know they are following the same accounting principles.

For the 23, we have participated with the Department of Health in preparing what was called an accountability guideline that the Department of Health sent out to each of the districts. And in that guideline, the department set out the accounting policies that should be followed by each of the districts. So the intent was that all district health boards follow the same accounting policies.

For the six that we examined last year . . . I'm just thinking. Our spring report comes out next week of which I'm trying to think of what it says about the accounting policy. I think all six district health boards have followed the same accounting policies that we've examined. But for the 23 that we didn't examine, we don't know yet. We will know next year.

**Mr. Goohsen:** — You're saying for this coming year now, they will all have the same principles, and you can say then that you can compare apples to apples and oranges to oranges when you say you will look at one health board as compared to the other, and we can see that they are operating under the same principles and guidelines.

**Mr. Strelloff:** — If, at the end of that examination, we find instances where they are not, we'll bring that to your attention. Our objective or the criteria that we'll be using to evaluate the financial statements of each of the district health boards, the criteria will be the same. So we'll be expecting each of the district health boards to be following the same accounting policies. At the end of the day when we report to you, where they have, we'll say so. Where they have not, we'll say so.

But until we carry out that examination, we don't know. But our expectations are that they will be following the same accounting policies and that you should be able to compare one district's health board's financial results to another district health board's financial results in terms of the measurement system used being the same.

**Mr. Goohsen:** — Who will appoint the auditors that actually will be doing the physical work with each health board?

**Mr. Strelloff:** — In general, the district health boards appoint a public accounting firm, and usually the public accounting firm is from the district that . . . within that district. So the district health board is charged with that responsibility.

Once they appoint — a district health board — we then communicate with them and say, well here's the expectations, the types of reports, the types of work. Let's get together on the deadlines to make sure that the deadlines are met. Let's meet with the district health boards themselves to make sure that each of the district health boards knows what's being done and expected, and that if there's any issues that need to be brought to those health boards' attention, that those issues are being brought to their attention.

**Mr. Goohsen:** — Would there be any criteria or standard levels that these auditors would have to meet in order to be appointed, or to be eligible to be appointed?

**Mr. Strelloff:** — Mr. Chair, members, in Saskatchewan there is no formal licensing of auditors, so that, for example, all auditors of district health boards do not have to be members of the institute of chartered accountants. Some can be members of the certified management accountants' association, some could be members of the certified general accounting association . . . accountants' association, and some could be not members of any professional accounting association. There is no formal licensing requirement.

Now in my recollection of the appointments that have been made across the province, most members, most firms, that are participating in the audits of all these district health boards are members of professional accounting bodies. And each of the professional accounting bodies do have professional standards that are expected to be met.

**Mr. Goohsen:** — This is just expectation; it's not actually a requirement. And so while I couldn't see how anybody would be foolish enough not to hire some professional firm and get themselves into all kinds of problems that naturally would come through from that, we always have in small towns people that are

pretty good with a calculator and a pencil and have done accounting kinds of work in their lifetime and often do auditing for small groups and that sort of thing, and any one of them could then apply for these jobs and might be hired.

**Mr. Strelloff:** — That's correct, but remember we're around on each of these district health boards and we provide them a lot of guidance and also a lot of . . . or actually even audit programs. We provide them suggested audit programs that they should follow when carrying out the work. So we are there to try to make sure that the work expected is actually being done. But you're right in saying that at the end of the day, any group or accountant can bid on a job in a district health board; and the district health board wants to award it to that group or person, that can be done.

**Mr. Goohsen:** — Yes, and of course there is some comfort in knowing that we are now changing the process so that it'll be more . . . (inaudible) . . . and more attentively watched, and more attentively watched by yourselves now in this coming year. So obviously your mandate has changed from last year to this year.

**Mr. Strelloff:** — The mandate hasn't changed, just the funding has changed. And therefore last year when we came to the table here we said that well, if you choose to not provide us sufficient funding, one of the things, one of the areas, that we're not going to examine is many of the smaller district health boards. So as a result, we didn't do that.

So the mandate hasn't changed, just the ability to get the work done has changed, which relates to money, of course.

**Mr. Goohsen:** — Will you be able to get that work done this year do you think? Or not?

**Mr. Strelloff:** — That's what we said we'd do. And the reason I stress that's what we said we'd do, because it is a complex job and I know people in the office have heavy workloads to make sure that that is going to get done. But that was what we promised; therefore, that's what we plan to deliver.

**Mr. Goohsen:** — I've noticed in the past that as provincial auditors you sometimes make comments on the way money is being spent and the appropriateness of how it is spent in relationship to the plan that was laid out ahead of time.

In the health board area, it's going to be very difficult to compare one board to another. And we already have people coming to us, suggesting that some boards are spending more money in one area than maybe they should be, and other boards are maybe spending less money in some areas like that.

Will there be recommendations of general principle from the auditors' group of how monies should be spent by the health boards on specific kinds of projects?

**Mr. Strelloff:** — There's a couple of matters that we're trying to bring to the table to help you and boards make decisions. One is that we're recommending and pushing for, that each board provide a plan and a comparison of the plan to the actual results in the financial statements of each of the district health boards. And we're asking for that comparison to be presented by program — the nature of what is being delivered, like long-term care or home care or acute care — and that in the financial statements there is a comparison of, here's what you planned to do, here's what you did.

Now the plans for each of the district health boards, from what I can remember, by legislation have to be presented to the communities of each of the districts so that they are public and everyone knows what's going on. And then at the end of the day, when the financial statements come out, the comparison is there so that if there are variances, they're shown, and people can ask questions. That's one thing that we're doing.

The second item that we're working on right now is the needs assessment process that is being used by the district health boards. Right now we're examining on a cross-board basis what framework each of the district health boards are using to carry out their needs assessment.

Now the needs assessment is to show . . . the purpose of the needs assessment is to come out with what are the health needs and therefore programs required by each of the district health boards. That needs assessment also is to be used in the future to impact the funding that is provided to each of the districts and also is to track changes in health status so that they're able to track the impact of health spending and health programs.

We're looking at whether the needs

assessment being used by the districts, whether improvements can be made to those needs assessments. Now we're thinking that, by identifying good practices in carrying out needs assessment, the information provided to the boards and the assurances provided to the legislators will improve and that you'll be able to connect funding to programs to changes in needs.

So that's the second thing that we're doing to try to help you assess whether the right spending is being done. At the end of the day, whether the right spending is being done on the right programs is your decision, is the district health board's decision, and the community's decision. It's not ours. All we're trying to do is trying to make sure that district health boards and you as legislators have the information that you need to make those kinds of assessments and decisions, not us.

**Mr. Goohsen:** — That was the answer I was looking for all right, I guess, because all we need is accountability, and then decisions have to be made by people.

But I guess we sort of wondered if there would be a sort of a triggering mechanism some place so that you would be able to say that in this particular health board the plan was not followed, and it was not followed to such a degree that the people should become aware of it because after all not everybody may go to these public meetings or watch what's going on after a while. You can get apathy that sets in with these kinds of things.

So we're wondering if you would be the ones that would be telling us about that, and it appears that you would be, so . . .

**Mr. Strelieff:** — Well the one signal will be in the financial statements of the district health boards, where there should be a plan versus actual comparison. So there should be one; that's a signal. If there's not a plan versus actual comparison, that's a signal to ask questions, and we'll certainly bring that to your attention.

And then the next signal is that if the plan and the actual don't quite . . . I mean, there's a significant variance. Well why? And again that provides you a signal on perhaps it's time to ask questions about why, what's happening.

**Mr. Goohsen:** — And that should help us to have consistency in our health delivery program throughout the province so that every

area will be getting some consistency of the way that health care is delivered, should it not?

**Mr. Strelieff:** — Well the health needs over the long term as district health boards use the results of the information gained in their needs assessment, one would expect that the programs delivered in each of the districts will vary to the extent that the health needs of districts vary. So if . . . now I don't know, but if there is a circumstance where the health needs of one district varies significantly from another, one would expect programs and spending to vary accordingly.

That's why we're having a look at the needs assessment process because it is supposed to provide the mechanism for delivering programs in a more targeted way, so it's a very important part of the health system.

**The Chairperson:** — I would like to intervene at this time because we've had two more members of the committee come in, and that may enable us to proceed past the hour of 10 o'clock. We originally made the decision to close at 10, so if you just indicate . . . I'd like to get an indication of whether or not people are prepared to stay beyond 10, particularly the two members that came in because we had two people that had to leave.

**Mr. Toth:** — I've got a meeting at 10, too.

**The Chairperson:** — You can't stay beyond 10.

**Mrs. Bergman:** — I certainly can.

**The Chairperson:** — You can. Thank you, we'll proceed. Are you finished, Mr. Goohsen, or do you want to carry on with your questions?

**Mr. Goohsen:** — I'll just take a little respite . . .

**The Chairperson:** — A little break.

**Mr. Goohsen:** — My colleague asked a question that is relevant to this particular issue.

**The Chairperson:** — All right, I have a speaking order here. I have Mr. Carlson followed by Mr. Toth.

**Mr. Goohsen:** — Well I'll relinquish my time slot, and I'll come back in later if you want to put me on the bottom of the list at the bottom again.

**The Chairperson:** — That's fair enough. Thank you. So I'll put you down after Mr. Toth.

**Mr. Carlson:** — Thanks, Mr. Chair. While we're on the health board issue, you're planning or going to audit the health districts in the coming year. What is the difference between health boards and auditing the health boards and the school divisions? I mean I'd like to know why one and not the other.

**Mr. Strelieff:** — Members, the first easy answer to why not the school boards is that the district health boards . . . the members of the boards of the district health boards are all appointed by the government, that they receive all their funding from the provincial government, and receive significant direction from the provincial government.

And as a result of those factors, The Provincial Auditor Act says, Provincial Auditor, you go out there and examine what's going on and report back to the Assembly.

**Mr. Carlson:** — At a point in time, if the health care boards or when the health care boards are elected and you have an opportunity to sort of make sure all the health care districts are using relatively the same accounting purposes, and the board members are elected, there could be a time in the future where the auditor might not necessarily have to do the audit then?

I mean, are we just looking at sort of . . . what I'm trying to get at . . . are we just looking at a short-term thing here as far as auditing health care boards, in your opinion, at this point in time? Is it a possibility?

**Mr. Strelieff:** — Mr. Chair, members, our current plan is to participate in the audits of the district health boards to the time when we're comfortable that the district health boards are up and running, that the audit requirements that are in place for reporting on financial reports, compliance with legislative authorities, and management control systems. The reports are coming in. It looks like the districts have gone through their transition stage and are now getting stronger.

At that point, the current plan is to move to a more cyclical basis where we perhaps examine one-quarter or participate in the audits of one-quarter each year. And then we move to cross-board issues like the needs assessment project that examine key issues that face the department and the district health boards on a

more global basis and trying to move practices forward on those key issues, like needs assessment, like their annual reports. It's another project that we're working on right now, and that is the information in annual reports of district health boards.

The Act, whatever The Health Districts Act is called, requires some significant accountability reports be provided, related to the cost of services, program effectiveness, or outcomes and . . . I can't remember; there's a few other ones. But those issues are complex, and we're going to try to ride herd, ensuring that that information actually is provided in a reasonable way right across the province. And where we can see practices in one area . . . one district perhaps there is better than another district . . . make sure that that information is moved across.

**Mr. Carlson:** — Okay. Thank you.

**Mr. Toth:** — Yes, when it comes to auditing district health boards . . . and you mentioned the needs assessment. And I guess the question I have is, how do you determine the needs assessment per area in view of what the department may view the responsibility of each and every one of the district health boards?

Their legislation suggests that each health board district should lay out a plan for how it operates and how it functions and its purposes. And I'm not exactly sure if the department has also indicated this is how we would like you to operate. And what I'm trying to determine is . . . okay, we're going to have 23 district health boards — the majority will be elected in the near future — out there trying to determine how they're to operate. And yet they still are under the umbrella or the guidelines of the department and may feel restricted.

And I'm wondering how you view doing an audit in regard to the ability of a district health board to operate and provide the services when it may be restricted by the department as to how far it can go.

**Mr. Strelieff:** — Members, Mr. Chair, the way we've carried out . . . or the way we've initiated the needs assessment project is to go through a lot of discussions with the department, with representatives from the district health boards, and with SAHO (Saskatchewan Association of Health Organizations), setting out the importance of the project, getting agreement that that is a significant issue that each of the districts needs to manage well, to agree on



criteria that criteria bench standards of performance in terms of carrying out a needs assessment, and then directly discussing with each of the districts and carrying out the examination on how they're doing compared to the standards of performance and then reporting.

So when we carry out cross-board examinations or when we participate in the audits of district health boards, we do a lot of preliminary work and discussions with the department, with district health boards to make sure that everybody understands what the reasons are, what the expectations are, and that they keep track of the results as well.

**Mr. Toth:** — See each individual may have different criteria or needs in their districts. A district may find themselves in the position where the populace base is somewhat younger, and the need is in the acute care field. Another district may find that they have a pretty high senior population, and so long-term care becomes a need.

And I'm not exactly sure if where each district totally understands or has the ability to determine the role they play in health care needs versus the guidelines that are implemented by the department or suggest that basically . . . put forward by the department because the department controls the purse strings. The department basically has control over the level of funding that will go to that district, and we just had a recent announcement of some \$20 million extra into home care.

So if a district should receive 23, 20 million, it wouldn't be quite as easy if you were to break it down by district. It wouldn't be a million dollars per district. It would be less than that.

But let's say a district finds themselves . . . now they've got an injection of . . . and I'll just throw a number out because it's probably varied by district of \$500,000 or whatever and additional to utilize. And they feel the best place to utilize it in their district is at the home care level.

But many districts may find that is not where the real need is, and they've got this injection which is basically targeted to home care, but they really . . . there are other areas. Can they then, under your understanding of how they operate and how the plans or the assessment can . . . would they have the ability to target that, or are we getting beyond where you're operating as an auditor in determining how

districts operate in view of the Department of Health's view of the world?

**Mr. Strelloff:** — Members, Mr. Chair, my understanding is that by carrying out a needs assessment . . . and a needs assessment isn't just a point in time event; you have to constantly work on the needs assessment.

The district health boards should be able to identify their program needs. Now whether they receive funding for those needs and the discussions that take place between the district and the department, I don't know. But the process of carrying out a needs assessment and continuing with that over time should help the districts identify where they should be moving their operations, moving their programs. But again what happens between what their programs are and what the funding that's provided by the department, I don't know.

**Mr. Toth:** — So basically then in your audit, you will be auditing the books based on the plan that has been laid out by each individual board in conjunction with the auditing procedures that you're calling for. And that's . . . realistically you will look at the differences that each board faces when they lay out their plan and in their spending structure.

You won't be coming back to the Legislative Assembly and saying, well this board is not quite operating in a manner that we feel is appropriate with this board over here, without determining the fact that they made a decision based on an assessment that was different than another board. Is that what you're . . . Like I'm saying, one board decides they're going to spend their funds more in the acute care field versus the other board. Your audit will indicate that the reason there was more spent in the acute care field in district 6 versus district 9 . . . that may have determined that it was more appropriate to spend more in the heavy level 4 care, that would be reflected in your auditing. And you would take those differences into consideration and if the needs assessment would indicate that's the appropriate point for each board to put in place their funding.

**Mr. Strelloff:** — Our starting point on this audit would be to — that relates to your question, I think — is we want to make sure that the financial statements at the end of the period show what the district health board plan to do compared to what they did. Now we're not challenging whether that plan is right or wrong. We just want to make sure that that plan is on

the table, and there's a comparison to actual results.

Now the needs assessment over time should help each of the districts to prepare their plan based on their needs. And that's why we're wanting to examine the process used by each of the district health boards in carrying out a needs assessment.

But at the end of the day, what amount the district chooses to put in their plan for a specific type of activity . . . I mean that's their decision, and we just want to make sure that information comes to you, and then if there's any questions that you may have, you have better information in which to ask questions and understand what's going on, and also to compare one district to another district.

**Mr. Toth:** — I guess that's what I was looking for.

**The Chairperson:** — It is now two minutes to ten, so I would like to intervene and take just a minute to ask about a possible time for a next meeting. I would suggest 9 o'clock, Thursday the 27th. After that, Tuesday the 2nd at 9. How does that fit into your schedules? Or either that or at the call of the chair . . . 27th, Thursday, 9.

**Mr. Toth:** — Thursday sounds fine.

**The Chairperson:** — Thursday's fine. All right, we'll set the next meeting for Thursday. And if you'd also mark your calendars for Tuesday the 2nd . . .

**Mr. Upshall:** — Mr. Chair, I won't be here.

**The Chairperson:** — On?

**Mr. Upshall:** — Thursday. I can't . . .

**The Chairperson:** — Thursday. I think we should . . .

**The Speaker:** — Mr. Chair, could I just ask a question on that? Is it possible to have it longer than one hour?

**The Chairperson:** — That's a good point. I'm glad you raised that, and I would hope that members would be able to clear their time tables for at least two hours.

**The Speaker:** — One hour, you just barely get started.

**The Chairperson:** — Now do you want to start

a little earlier than 9?

**Mr. Toth:** — How about 8:30 in the morning?

**The Chairperson:** — 8:30?

**The Speaker:** — That's fine with me.

**The Chairperson:** — Okay, let's try go from 8:30 until 10:30 then. Thank you. And I'll entertain a motion to adjourn. Moved by Mr. Carlson. All in favour?

**Mr. Trew:** — Is that debatable?

**The Chairperson:** — Which?

**Mr. Trew:** — The motion to adjourn?

**The Chairperson:** — The last motion?

**Mr. Trew:** — Is there a problem with us continuing for 15 minutes? There might be some other members . . . I realize some have to leave, but . . .

**The Chairperson:** — Well I just think we'd be out of quorum. So both members have to go, and Eric has to go, so I assumed that . . .

**Mr. Trew:** — Good enough.

**The Chairperson:** — So I'll put the question once again. Those in favour of adjourning? Those opposed? Carried.

The committee adjourned at 10 a.m.

## STANDING COMMITTEE ON ESTIMATES

April 25, 1995

### MINUTE NO. 8

9 a.m. in Room 10

1. **PRESENT:** Mr. Kowalsky in the Chair and Members Carlson, Goohsen, Sonntag, Toth, Trew, and Upshall

**Other Members:**

Anita Bergman

**Witnesses:**

Honourable Herman Rolfes, Speaker

**Officials Present:**

Wayne Strelieff, Provincial Auditor

Fred Wendel, Assistant Provincial Auditor

Kevin Taylor, Senior Auditor

Sandy Walker, Acting Office Manager

2. The Main Estimates for the Provincial Auditor were considered and Mr. Strelieff responded to questions.
3. Mr. Carlson moved:  
  
That this Committee do now adjourn.  
  
The question being put, the motion was agreed to.
4. The Committee adjourned at 10 a.m. until Thursday, April 27, 1995 from 8:30 a.m. to 10:30 a.m.

**Agenda:**

1. Election of Vice-chair
2. Continuation of estimates for the Office of the Provincial Auditor
3. Estimates and Supplementary Estimates for the Legislative Assembly

Gregory A. Putz  
Committee Clerk

Myron Kowalsky  
Chair