



STANDING COMMITTEE ON PUBLIC ACCOUNTS

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STANDING COMMITTEE ON PUBLIC ACCOUNTS

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[The committee met at 10:00.]

The Chair: — Well good morning, and welcome to the Standing Committee on Public Accounts. I would note to the many viewers that are tuning in at home that they can track today's proceedings and refer to the documents that we'll be observing and referencing here today at www.auditor.sk.ca. Recognizing committee members at the table, Vice-Chair Mr. Hart, Mr. Gantfoer, Mr. D'Autremont, Mr. Michelson, Mr. Stewart, and Ms. Atkinson. Welcome to committee here this morning.

At this point in time, as it relates to documents that have been tabled within the Assembly pursuant to rule 141(2), the 2010 *Report of the Provincial Auditor* volume 2 was deemed referred to the committee on December 1st, 2010. And the Provincial Auditor business and financial plan 2011-2012 was deemed referred to the committee on December 6th, 2010.

The primary focus of our business here today is the Provincial Auditor's report volume 1, 2010, specifically within Health, chapter 6, and subsequently chapter 12, the Sunrise Regional Health Region.

At this point in time I'd welcome our Acting Provincial Auditor, Mr. Atkinson, to introduce his officials that are with us here today.

Mr. Atkinson: — Thank you very much, Mr. Chair. Good morning, members. With me this morning is Mobashar Ahmad. Bashar will be leading our presentations on chapter 6 and chapter 12. Also with us this morning is Rosemarie Volk, Regan Sommerfeld, and, as usual, Kim Lowe. Kim is our liaison with this committee and works with the Clerk to make sure that we have the correct people here at the right time.

The Chair: — Thank you. I'd welcome our Provincial Comptroller, Mr. Paton, and Mr. Bayda for joining us here today from Provincial Comptroller's office.

Health

The Chair: — And at this point in time we will move into chapter 6, Health. And I would welcome Assistant Deputy Minister Max Hendricks and Lauren Donnelly here today. I would invite either one of you to present who your officials . . . or introduce your officials here today, and then we'll take a presentation from the auditor's office.

Mr. Hendricks: — Okay. Thank you, Mr. Wotherspoon. Good morning. On behalf of the Ministry of Health, I'd like to thank you for the opportunity to join you today this morning to discuss the Provincial Auditor's 2010 volume 1 report.

As you said, with me I have Lauren Donnelly, assistant deputy minister of community and primary health; Ted Warawa, executive director of financial services. At the table behind me I have Garth Herbert who's our director of financial compliance and audit. And next to him is Brenda Jameson who is our acting executive director of the health information solutions centre, and to her right is Lynn Digney Davis, our chief nursing officer.

Mr. Chairperson, the Provincial Auditor plays a vital role in ensuring government remains effective, open, and . . . [inaudible interjection] . . . Oh.

The Chair: — Maybe we'll just, just to be consistent with the typical order that we follow, maybe we'll come back to your presentation just following the auditor's presentation. Then we'll invite comments and your presentation. So I'll turn it over to the auditor's office.

Mr. Ahmad: — Thank you and good morning, Mr. Chair, and members of the committee. Chapter 6 begins on page 71 of the report. This chapter reports the result of our audit of the ministry's processes to buy information technology services for the year ended December 31st, 2009. For this audit, IT [information technology] services include IT consultation, oversight, and development, and testing of programs and processes.

The ministry uses SHIN, that is Saskatchewan Health Information Network, to develop IT systems and provide IT services through private sector vendors. The ministry makes a request for a proposal for IT services and makes contracts with vendors in SHIN's name. The ministry obtains proposals in two stages — proposals for pre-qualification and proposals for specific projects. The ministry calls this specific project proposal request for resources. The ministry seeks proposals for pre-qualification once in three years. The latest such proposal was in 2008 and was open to all vendors throughout Canada.

During 2009 SHIN made agreements totalling 3.4 millions and had 22 millions of continuing agreements to buy IT services from vendors for the ministry. In 2009 the ministry's IT branch had 94 full-time employees and 175 employees of the vendors working on contracts.

We used the criteria described in exhibit 1 on page 74 to do our work. We concluded the ministry did not have adequate processes to buy IT services. We make eight recommendations to help the ministry strengthen its processes.

Our first two recommendations, on page 77, ask the ministry to establish a process to debrief unsuccessful vendors on their proposal and to establish an appeal mechanism to deal with vendors' complaints or disagreements. We understand the ministry has since established the vendors debriefing process and an appeal mechanism.

Our third recommendation required the ministry to ensure all proposals for specific expertise or services include complete criteria for evaluating those proposals. We made this recommendation because such requests for proposals did not always have complete criteria for evaluating the work.

Our fourth recommendation, on page 78, requires the ministry to use consistent evaluation documentation for selecting vendors for specific expertise or services. We made this recommendation because the ministry has not established guidance for evaluating the proposals received and documenting their decisions.

Management told us the ministry used an interview process to

evaluate proposals and that one of its employees participated in that interview to ensure fairness and consistency of evaluation. However we did not always find documentary evidence of the ministry's review of profile of experts and its participation in the interview process.

Recommendation 5 and 6 on page 78 asked the ministry to use its own employees to hire employees of IT vendors and obtain periodic independent updates of projects that are managed and staffed with vendors' employees. We made this recommendation because often project managers who are vendors' employees hired other employees of their own organization to staff the project they manage.

As we said earlier, for such hires we did not always find documentary evidence of the ministry's participation in the interview process. Those project managers supervise staff they hire, assess their performance, and recommend approval for payment of their services.

When the ministry does not use its own staff to hire and supervise vendors' employees, it lacks independent corroborating evidence for the receipt of services from the vendor employees.

Recommendations 7 and 8 on page 79 ask the ministry to establish adequate processes to assess IT vendors' performance and keep records to help decide future IT service contracts.

Lack of adequate processes to assess performance increase the risk that the ministry may continue to use vendors with performance problems. This risk is greater when project managers make contracting decisions are not employees of the ministry.

That concludes my overview. Thank you.

The Chair: — Thank you very much. I'll turn it over to Assistant Deputy Minister of Health Hendricks.

Mr. Hendricks: — Thank you, Mr. Chairperson. To continue with my opening remarks, the Provincial Auditor plays a vital role in ensuring that government remains effective, open, and accountable. At the Ministry of Health we firmly believe in the same principles that guide not only our overall strategic direction but the day-to-day operations of front-line care.

The ministry, regional health authorities, and the Saskatchewan Cancer Agency are committed to the responsible, effective, and efficient management and delivery of health care. Knowing that the Provincial Auditor also shares these goals, we welcome the report and appreciate the effort and detail that was put into this review.

Progress has been made on a number of the auditor's recommendations, and work continues in many areas of both the ministry and with our partner areas in specific concern. Our ultimate goal is to strengthen and improve our health care services for Saskatchewan residents.

We would now be pleased to take questions as they pertain to volume 1 of the report. Thank you.

The Chair: — Thank you. I'll turn it to committee members with questions. Ms. Atkinson.

Ms. Atkinson: — Thank you. Can I have a list of all of the vendors that provide IT services to the Ministry of Health?

Mr. Hendricks: — Yes. We don't have that with us, but we can provide that.

Ms. Atkinson: — I have the Public Accounts for 2009-10. I suspect that they're listed there. Maybe what we could do is provide you with a Public Accounts book and you could go through the book so that we — because the list isn't that great — so we could have identification of the IT vendors that supply services to the Ministry of Health.

Mr. Hendricks: — We'll do our best.

The Chair: — Do you want to field another question in the meantime?

Ms. Atkinson: — Thank you. Well here it comes. So maybe while the person is going through the listing, we can go on to another question. Thank you. Has the ministry now put in place someone who is a ministry official to supervise these contractors?

Mr. Hendricks: — Yes, a ministry staff person. We agree with the auditor's observation and we will actually have a staff person that is available to supervise all of these vendors, yes.

Ms. Atkinson: — Second question on this line of questioning. Is it or has it been the practice of the ministry to have someone who's a contract worker supervising ministry staff?

Mr. Hendricks: — In the past we have had, just by the nature of the fact that we have a large number of contractors. But we're also agreeing with that Provincial Auditor recommendation and we will have a staff person involved as the lead manager for all vendors.

Ms. Atkinson: — Okay. So we'll have a manager involved who's going to supervise all the vendors. But are we going to have vendors that are the direct supervisor of ministry staff, people who are public servants?

Ms. Jameson: — In some instances we do have IT vendors managing the day-to-day work of ministry staff. But the work plan and the work effort for the year is managed by management.

Ms. Atkinson: — And how many vendors would be managing ministry staff?

Ms. Jameson: — Currently we have a vendor in our operations area, in our application support area, that manage ministry staff as well as other contract resources. So there's two that do direct day-to-day supervision.

Ms. Atkinson: — And what companies are those vendors representing?

Ms. Jameson: — In our application maintenance area, the

consultant is from ISM [Information Systems Management Corporation]. And in our operations area, the vendor is from Inverness.

Ms. Atkinson: — I'm sorry, Mr. Chair, I'm having a very difficult time hearing you. Some sort of fan going and I can't hear.

The Chair: — There is a little bit of extra noise in this room this morning. But I guess if we can just ask the official to clarify that last answer.

Ms. Jameson: — Sorry. For the application support area, the consultant is from ISM Corporation. And in our operations area, the consultant is from Inverness Consulting.

Ms. Atkinson: — And how many public employees under *The Public Service Act* would be supervised by the vendor from ISM?

Ms. Jameson: — I don't have an org chart available with me today, so I don't have that exact number.

Ms. Atkinson: — If you could get me that information, and under Inverness.

Ms. Jameson: — Again I would have to look at an org chart to validate the exact number.

Ms. Atkinson: — And who is Inverness Medical Canada? Is that a large company or is it a . . .

Ms. Jameson: — I'm not aware of Inverness Medical Canada. We do deal with Inverness Consulting, which is an IT consulting firm within the province. It's a local consulting company.

Ms. Atkinson: — I'm looking at Public Accounts volume 2 that deals with goods and services, and I presume that when Inverness Medical Canada has a contract for \$68,983, that might be the consulting firm. Or am I incorrect?

Mr. Hendricks: — Actually, just for clarification, when you're looking at the Public Accounts, there's a grant out to the Saskatchewan Health Information Network of \$44 million. Saskatchewan Health Information Network actually contracts with vendors, so you won't see any of the vendors listed there. You'll see it in our annual report.

Ms. Atkinson: — Okay. Okay. Well then that is helpful. So the contract to Inverness, that contract is for how much?

Ms. Jameson: — I don't have the dollar figure in front of me for Inverness. Our consulting firms provide human resource capacity for us, so we will have resources working on the EHR [electronic health record] projects. We will have resources in our application support area. We will have resources in our operations area. So I'd have to go back to the annual report to see.

[10:15]

Mr. Hendricks: — What I would suggest is that we can

provide a complete detailing of all the vendors we contract, including Inverness and ISM, including what those services are for, how many staff they employ, a complete listing for you, and how many are supervising ministry staff.

Ms. Atkinson: — I understand from the auditor's . . . If you could just provide me with this information. How many ministry staff are supervised by contract vendors? Can you give us that level of detail, in total?

Ms. Jameson: — In our application development and support area we probably have, I'm guessing 10, and we probably have another eight in our operations area. Now the eight people in our operations area report to an in-scope team lead, who then reports to a contract resource.

Ms. Atkinson: — Okay.

The Chair: — Just before Ms. Atkinson proceeds . . . So there's been certain questions and then the ministry has endeavoured to provide information back to the committee. And if that can come to all committee members. What's a fair time for you to provide this information back to all committee members?

Mr. Hendricks: — Oh, I think we can provide it within two or three days.

The Chair: — Okay, that's great. So we can send it through the Clerk's office and they can distribute to each of us as members.

Ms. Atkinson: — So during 2009, according to the auditor's report, you had agreements totalling \$3.4 million and you had \$22 million of continuing agreements to buy services from vendors for the ministry. Is that correct?

Ms. Jameson: — Well for clarification, it's for the Saskatchewan Health Information Network, not the ministry direct, per se.

Ms. Atkinson: — Okay, so SHIN. It's SHIN.

Ms. Jameson: — Yes, SHIN.

Ms. Atkinson: — And one of the things that the auditor indicated is that you didn't have adequate processes to buy IT services in place. And the auditor lays out some pretty, you know, some of the auditor's observations. And it said that . . . And I want to quote the auditor here. It said:

We expected the Ministry to obtain proposals fairly by identifying feasible sources of services needed and obtain authorization to initiate proposals. We also expected the Ministry to give equal and fair treatment to potential suppliers.

And then it goes on to say that the "Management told us that to obtain the specific expertise or services the Ministry reviews the profiles . . ." So I presume that's not SHIN; that's the ministry.

Ms. Jameson: — It's ministry management staff, yes.

Ms. Atkinson: — Okay.

... reviews the profiles of experts the vendors proposed and interviews these selected experts. The documentary evidence of reviews of profiles and the interview process was not always available.

Can you tell the committee which profiles and interview processes weren't available for which contracts?

The Chair: — Sorry to interrupt again. We are having some excess noise with the air exchanger I believe here so I'm wondering if you can just lean in a little bit closer to your microphone here this morning. Thank you very much. Or move the microphone forward.

Mr. Hendricks: — In response to the question, the auditor raises some specific concerns about how we deal with vendors' complaints or disagreements with our RFP [request for proposal] process.

We've acknowledged the auditor's recommendation and we will include this information in future RFPs. We have always felt that we've provided an opportunity for vendors to be debriefed on the process; however, that might not have been clear to all vendors. And we will continue to do that. We also need to strengthen our processes in terms of monitoring and evaluating deliverables under the agreement as identified by the auditor, and we're committed to doing that.

So the auditor would have a specific list of vendors, I believe, that they might have felt that there was an issue with in terms of compliance with these recommendations, which we don't actually have.

We feel that by and large, you know, there are certain things that we can do to strengthen our agreements and how we deal with the RFP process. By and large we feel it's actually a very strong process.

The auditors, in keeping, they generally keep with best practices and that's a good trajectory to go towards. And we're committed to doing that.

Ms. Atkinson: — Well the auditor has made three specific recommendations around his observations. And one of those recommendations deals with establishing processes to ensure all requests for proposals for specific information technology expertise or services include complete criteria for evaluating these proposals.

So obviously the auditor found evidence in their review that the interview process was not always, you know, was not always available, and that there would be some contracts that were given where it was difficult to ascertain under what basis those contracts were given.

So I'm interested in knowing — and maybe the auditor can help me — which specific contracts were given where it was difficult for you to ascertain the documentary evidence to say that this was the correct contract.

Mr. Ahmad: — Mr. Chairman, we have done this work based on a test, test basis of work. And some of the sample items that we had did not have a clear indication or documentation of

those, evidence of those ... that work. We don't know whether they had documentation somewhere else, but when we looked at the file there was no documentation. So that documentation was lacking. We can provide you what we have in our sample, but it won't be a complete list.

Ms. Atkinson: — Okay. If I just could continue this line of questioning. You see under this recommendation it says, "Select suppliers fairly for required services." And so once again it says:

The Ministry did not use consistent evaluation documentation for each specific project proposal. Some proposals had adequate support for selecting certain vendors but such documentation was not available for all selected proposals.

So if you're looking for an open, fair, and transparent process, and you want to make sure that when these IT specialists are being selected that they're being selected on equal grounds and that there's no room for manoeuvring, then I think it's a fair question, Mr. Chair, to say, you know, what contracts were let where it didn't appear to have consistent evaluation documentation?

And so I think ... And I'd like to know and for how much because we're dealing with several million dollars. I can stop there if Mr. D'Autremont wants to ask some questions. And I have many more.

The Chair: — Mr. D'Autremont.

Mr. D'Autremont: — Just a couple of questions on this. Is this a new process of selecting IT contractors or has this been a practice that Health has been following for some considerable period of time?

Mr. Hendricks: — It's a long-standing process, but I actually want to, if I may, go back to Ms. Atkinson's question. I'm actually quite proud of the RFP process that we do use at SHIN. It is a very strong process. When we do a request for resource for procuring information technology expertise, we specifically identify the services, identify the duties and responsibilities and the expertise required to deliver that resource.

And what the auditor is suggesting is that in the future, the SHIN will articulate the supply arrangement in their request for resources; that resources bid in response to the ... [inaudible] ... will be evaluated based on information provided so that it's a little bit more fair, it's a little bit more fair and transparent.

Also in terms of your discussion about vendors being judged or evaluated differently based on or within a specific procurement, that wouldn't be the case. What the auditor suggested is that we develop a library so that when we go out to select a vendor on one project, on the next project we would use a similar process. So for a given RFP, we would always use the same process.

Ms. Atkinson: — Mr. Chair, if I could, in response to ... I have no reason to doubt that, when you say that wouldn't be the case. That obviously is your view. But we have no concrete evidence at the moment that that wouldn't be the case, given what the auditor has said to us. And so you know, it says some,

you know, such documentation was not available for all selected proposals. And then it says, documentary evidence of the minister reviews of profiles of experts in interview process was not always available. And so when you have an observation like that, that causes some concern to me as a member of this Public Accounts Committee. And we want to make sure, I think . . . We want to be assured that there is a fair, open process.

And I do note that the RFPs are put on SaskTenders, and that's a good thing. And I presume they still are put on SaskTenders, a public website that makes it accessible to all vendors throughout Canada. So in terms of that public accountability, we still have that, and that's a good thing.

What we want to be assured of is once those tenders come in or the RFPs come in, that they're all evaluated on a fair and equal basis and that we have documentation to support that so that there's no question that these RFPs weren't evaluated in a fair way. That's the point I'm trying to make. And I'll turn it over to Mr. D'Autremont.

The Chair: — Mr. D'Autremont.

Mr. D'Autremont: — Okay. Thank you. I thought perhaps the deputy minister or assistant deputy minister would like to respond, but that's fine.

The use of contractors in various roles within the ministry providing IT services, has that policy changed in the last number of years, or has it been consistent that contractors, at some point in time, may or may not supervise any officials from the Department of Health, any employees from the Department of Health?

Mr. Hendricks: — The reality is, is with the Saskatchewan Health Information Network, the majority of the people that work with that organization or work for it are contracted vendors. It's just the nature of the work, where they're highly specialized in their field of expertise.

We do have some ministry resources, and what we've tried to do is we actually try to lever our resources so that they're working with each other and working in a collaborative environment, so occasionally they cross over. And I guess what we're hearing from the auditor is that it's not good practice to have a contractor resource supervise a ministry resource. And we can change that.

You know, there are a number of things that we're committed to doing, and while Ms. Atkinson, for example, related to our RFP process, we do post them. We had felt that our process for assessing those RFPs was fair, equitable, and transparent. There are always improvements that we can make, and so we're committed to doing that.

And that's what we're saying to the committee today, is that anything that we can do to keep our RFP process on the highest standard, we will do. I think that we've seen across Canada there have been a number of issues in the IT area specifically with how contracts have been let to private vendors. But I would put — and I'm the Chair of SHIN — I would put our RFP process up against any in Canada as it stands. But we are committed to making the necessary improvements suggested by

the auditor.

Mr. D'Autremont: — Just because an individual is an employee of the Ministry of Health, in my opinion doesn't mean that they can't be supervised by a contractor. But at the end of the line someplace, there needs to be certainly a ministry official who's making the final evaluation that you're receiving the proper services that you have tendered for and contracted for.

So at the end of the day, there has to be a Ministry of Health official. But the fact that a contractor may be supervising someone who is an employee of the Ministry of the Health, I don't personally see as a problem. They may be a computer code writer or some other level that's very technical, but not a manager; and a contractor may be hired, perhaps, in a managerial position. But at the end of the day there needs to be someone from the Ministry of Health who is overseeing the entire process.

[10:30]

Mr. Hendricks: — At the end of the day there always is a senior manager that oversees the contractor resources and the staff. Actually you know, it does provide a bit of an opportunity too for our own staff to work with these consultants and to gain expertise that they might not otherwise gain, which they can then continue to deliver in the public civil service. So we'll look at that and how that's arranged. I would think that most of the supervision is around arranging their activities and duties and that sort of thing versus, you know, a contractor can't sign a time sheet or do that sort of thing. So it's about organizing their activities.

The Chair: — Just one question here. There was one, I believe an assertion from the auditor's report, that vendors themselves could add staff to their contract, thus increasing the cost potentially of that contract without the oversight and approval from ministry staff. And maybe, and this is where I ask for the ministry to clarify, whether that is in fact the case or has been the case.

Mr. Hendricks: — No, that's not the case. There would always be a work change order. The vendor would have to come to us and say that, you know, this project requires more than we had anticipated and we would have to agree to them and do that. If they chose to add more staff within the same amount of dollars, I guess that would be their choice, to complete the task. But it would definitely require a work change order.

Ms. Atkinson: — One of the other observations of the auditor is, and I once again wanted to quote this for *Hansard*, and I quote:

To avoid a conflict of interest, the Ministry must use its employees to supervise contract workers or not allow contract directors/project managers to hire contract workers from their own organizations.

Can you tell me how you are going to address that recommendation of the auditor?

Ms. Jameson: — When we go out to procure a resource, we will go to what we call our management service agreement

vendors. So the actual RFP process that we go through is we pick a preferred supplier list. So when we went out three years ago, we came up with 10 preferred suppliers. So then when I'm looking for a resource or I'm looking for a program or a network person or a server person, we will issue a request for resource to those 10 vendor communities.

Now there are times where contractors will sit in on those interviews because they are the ones that are managing the work. I think the auditor's issue was that there was not always documented evidence that an employee was sitting in through the interview process. The reality of it is we always do have an employee sitting in on those interviews and a statement of work is then developed so that when we bring the resource in, it is clear in a statement of work what the work expectations and deliverables are, and those statements of works are actually authorized by SHIN officials.

Ms. Atkinson: — Okay. But once again we have vendors that are supervising or using their own employees, and the auditor is recommending that there needs to be avoidance of a conflict of interest. So it says:

To avoid a conflict of interest, the ministry must use its employees to supervise contract workers, or not allow contract directors/project managers to hire contract workers from their own organizations.

And recommendation no. 5 is this:

We recommend the Ministry of Health use its employees to hire employees of information technology vendors.

So that's the recommendation. So can you just . . . I'm sorry. I want to know how you're going to deal with this specific recommendation.

Ms. Jameson: — So we do have regular project reporting that we have on our project side that goes to the director of project services. So on a monthly basis he knows where the project is at, where the deliverable's at, where the budget at.

On the operations side, it is more day-to-day support work — keeping the SHIN network up and running. So that's where I think there's the lack of documented evidence. What we are going to do in that response is develop a detailed work plan, So what is expected out of the operations group, what are they going to deliver? And we will manage the employees, the contract vendors, to that work plan.

Ms. Atkinson: — Maybe I'll just turn to the auditor. Is that going to address the recommendation that you're making to the committee? Because I guess I'm interpreting it a little differently.

Mr. Ahmad: — Mr. Chairman, when we looked at the sample of work, we noticed that there was no documentary evidence that the ministry's officials were sitting when this selection was made. That does not mean that there was no ministry official there. There was no documentary evidence, and what we are saying is that when you hire contractors' employees, make sure that somebody is there. So you hire. You make the hiring decision and make sure that there is the documentary evidence

for that.

Ms. Atkinson: — So now just to go back to the ministry officials, so now when IT specialists are being hired — I'm talking about the employees are being hired — is the ministry there to hire them?

Ms. Jameson: — Yes, they are.

Ms. Atkinson: — And it's your decision?

Ms. Jameson: — It is our decision.

Ms. Atkinson: — Okay. And you have documentary evidence now.

Ms. Jameson: — Well I think that was the issue at first, was that in not all cases was the documentation stored in the central filing system. So we have changed our processes to ensure that all interview guides are signed by a ministry official that participated in the interview and that they're stored in a central file.

Ms. Atkinson: — Okay. And the other issue that was identified by the auditor is that the ministry needs to establish a standard process for assessing vendors' performance and communicate the process to those who assess vendors' performances. How do you do that now?

Ms. Jameson: — Currently we have a couple of our vendors that actually have their own performance management plans. So they will ask us to evaluate them and they document that themselves. We historically have not kept a copy of that for our own records. We also meet with every one of our vendor account reps on a regular basis to talk about performance and issues and things with that particular company, but what we have not done is we have not formally documented that and then used it for future evaluations. So as such we are changing our RFP process to ensure that that's included and that that documentation around our conversations with vendors was actually stored.

Ms. Atkinson: — Lastly, how many vendors do you have?

Ms. Jameson: — For IT services, currently we work with 10 IT vendors that consist of IT companies that are both national, international, and local to the province. However the RFP process was non-exclusive, so that means we could go out to other vendors that aren't on that list of 10 if they can't provide the services that we're looking for.

Ms. Atkinson: — Do we have any new IT vendors, say in the last couple of years that we're using?

Ms. Jameson: — Well the RFP process was . . . We're into our third year.

Ms. Atkinson: — 2008.

Ms. Jameson: — 2008, so we're into our third year of it, so we've been dealing with these vendors for the last three years.

Ms. Atkinson: — Are any of them new to the ministry?

Ms. Jameson: — There's one vendor that's new from this RFP process prior to . . . from the previous one, and that's RWI consulting. They are a IT firm that specializes in health informatics.

The Chair: — Just to shift over here to Mr. D'Autremont. I can come back, Ms. Atkinson, if you have further questions. Mr. D'Autremont.

Mr. D'Autremont: — Okay, thank you. When you're hiring IT services within Health ministry or SHIN, are you looking to hire an individual? So you want to go out and hire Fred or Alice, or are you contracting with an IT vendor to provide you with a particular service and it doesn't matter whether it's Fred or Alice or Tom or whoever it might be, providing they have the qualifications?

Mr. Hendricks: — Well when we put out an RFP, we're looking for a specific set of services and a specific set of expertise, and it's the vendor's job to demonstrate that they have that within their organization. So the answer is no, we don't look for a specific person. We look for the appropriate qualifications, but also, you know, past history in terms of how they've delivered on other projects and how they've delivered with other agencies. So there are a variety of factors that we assess an RFP on.

Mr. D'Autremont: — So you've hired contractor A, and they have sent you over employee A. And employee A works on this project for a month, but the project isn't finished yet and A takes vacations. The contractor then sends over employee B. That is acceptable?

Ms. Jameson: — Actually that's not the way the process works right now. So if the . . . You're right in the sense that the vendor will send employee A, but if employee A leaves — so they are taking a leave or they've quit the company — we go out and do a new tender for a resource. So the IT companies don't have first right of refusal to just replace the employee. If the employee leaves the company, we go out and we do another tender.

Mr. D'Autremont: — So you're not hiring the contractor, the vendor to provide the service; you're contracting that vendor to provide you with a particular individual.

Ms. Jameson: — With the skill set.

Mr. D'Autremont: — Yes.

The Chair: — I'm going to get . . . I know there's many more questions here, but I want to just address some of these recommendations that are here as well. And I know there's wider ranging questions that are good questions for this committee as well.

But just to maybe back it up a bit. I believe when I heard of recommendations 1 and 2, specifically the debriefing process that was recommended, and then secondly the appeal mechanism, what I heard was that both of those have been instituted at this point in time. And then I guess on that front on these two recommendations, I might seek a motion . . .

Ms. Atkinson: — Can I ask a question on that?

The Chair: — Sure can.

Ms. Atkinson: — Can you tell me when you instituted it, these two recommendations? And have any vendors appealed, or have there been no vendors to appeal?

Ms. Jameson: — The appeal process was always in place; it was just not formally documented. So when we went through the RFP process in 2008, we actually did have two vendors that asked for a debriefing as to why they were not selected, and we provided that. So when we go out to the . . . Because our supply arrangement expires in 2011, we are going to formally document that in the RFP process of what the appeal mechanism is. So it was in place. It was just the vendors didn't know that there was a formal process.

Ms. Atkinson: — Now, Mr. Chair, earlier we heard from the ministry officials that if an employee or a contractor leaves, then it's retendered. Have there been any retendering since 2008?

Ms. Jameson: — Lots. Lots.

Ms. Atkinson: — Okay.

Ms. Jameson: — So for example in our service desk arena, typically that's an entry level IT position. So people tend to move away from companies for promotional opportunities. So we retender in some of those key areas quite often.

Ms. Atkinson: — Okay. And can we . . . Mr. Chair, I'd be interested in a listing of all of the vendors that received the RFPs in 2008 and then any changes that have occurred. I think that would be a useful piece of information to have, if that's possible.

Ms. Jameson: — Sure.

Ms. Atkinson: — Thank you.

The Chair: — Just on that note then, some more information's going to be provided to the committee. Thank you to the ministry for endeavouring to do so. That can be done through the Clerk's office. Mr. Hart.

Mr. Hart: — Mr. Chair, I would make the motion that we concur with recommendation 1 and note compliance.

The Chair: — Okay. And now would we be able to maybe deal with 1 and 2 at the same time here right now? It's the same motion.

Mr. Hart: — I would include recommendation no. 2 in that motion.

The Chair: — All agreed?

Some Hon. Members: — Agreed.

The Chair: — So it's agreed that this committee concur with recommendations 1 and 2 of chapter 6 of the Provincial

Auditor's 2010 volume 1 report and note compliance.

Maybe if the ministry can clarify on recommendation no. 3, which suggests that all the criteria wasn't provided upfront. We've heard some of this discussion. What has the ministry done at this point in time to comply with this recommendation, and are they in fact in compliance at this point in time from your perspective?

Mr. Hendricks: — In the future, SHIN will articulate in the supply arrangement for RFPs, the resources bid on a response to an RFP, they'll be evaluated. So we're concurring with the auditor's recommendation. So we are going to include that in our request for resource.

Ms. Atkinson: — Mr. Chair, if I could. I note in the Provincial Auditor's report volume 2 that the auditor has made recommendations in the past regarding IT services. They may have made them a few years ago. And then there might have been seven recommendations and this committee might have said, we concur. And then when they go back to check, there might be two of the recommendations that have been implemented and five haven't been implemented.

So this gets implemented the next time you go to the RFPs, I guess. And what month is that, when you're going to tender this process?

[10:45]

Ms. Jameson: — The existing supply arrangement expires in June 2011. So our intent is to modify the RFP process to take into account all the recommendations that came out from the auditors and then pass that by the SHIN board for approval before we go out to tender. But the supply arrangement expires in June 2011, so the tender has to be done before then.

Ms. Atkinson: — Okay. So in May will I be able to go onto SaskTenders and see that SHIN has tendered all of this, asked for the RFPs?

Ms. Jameson: — You should see the tender looking for a supply arrangement providing this range of skill sets.

Ms. Atkinson: — In May.

Ms. Jameson: — No later than May.

Ms. Atkinson: — Okay. Okay, thank you. So then next year, if I understand this, so the 2011-12 Provincial Auditor's report . . . I know that the Provincial Auditor won't necessarily be going back to look at this, but we should be able to have an update whether or not this was actually implemented.

The Chair: — It's my understanding, and maybe I'll get the auditor's office to make a statement here, but as when we concur on a recommendation and whether we note compliance or progress, the auditor then goes back and does analyze that specific recommendation and whether or not compliance has been achieved. But maybe I'll leave it for a statement here from the auditor's office.

Mr. Atkinson: — Yes, that's a correct statement. We generally

go back, usually two years after the report is made, and we look to see whether or not the recommendations have in fact been implemented. And that would be the process that we would use on this chapter as well.

The Chair: — Mr. Hart.

Mr. Hart: — Mr. Chair, I move that, recommendation 3 and 4, that this committee concurs and notes progress.

The Chair: — Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — It's agreed that this committee concur with recommendations 3 and 4 of chapter 6 of the Provincial Auditor's 2010 volume 1 report and note progress towards compliance.

Moving along to recommendations 5 and 6. And I wouldn't mind having this clarified. I know there's been some discussion of actual practice and what's been documented. And what's been suggested is, I believe if I've heard correctly here today, that now there's full supervision from the ministry officials, that ministry officials are making the authorizations of expenditures and hiring these vendors now that they're providing that authority. Is that correct?

Ms. Jameson: — That's correct.

The Chair: — And as it relates to the periodic updates that have been suggested, may have been there in the past as well, are those now in a central file, in a central place that when we come back and take a look at this a few months from now or next year, we'll be certain that those reporting mechanisms have been occurring?

Ms. Jameson: — We're in the process of developing the performance matrix to share with the vendors, but we hope to have that complete before we issue the next RFP.

The Chair: — Ms. Atkinson.

Ms. Atkinson: — Now I thought I heard at the beginning of this that you're just hiring a manager. Did I hear Mr. Hendricks say that? Or you're hiring someone in your . . . I guess maybe I didn't. I'll have to look at your comments. No? Okay. Thanks.

Mr. Hendricks: — If you're referring to my comments about we're going to change the practice to have a health employer or SHIN employee oversee contracted resources, yes. And to supervise ministry resources, we won't have contractors doing that directly anymore.

Ms. Atkinson: — Okay. That's what I was . . . Okay. So in the future, we're going to have ministry people supervising ministry people, not contract people supervising public servants?

Mr. Hendricks: — Correct.

Ms. Atkinson: — Okay. I just have a quick little technical question, and I do not know the answer to this. But doesn't *The*

Public Service Act say that public employees are to be supervised by public employees?

Mr. Hendricks: — I think it's a . . . You know when we talk about supervising, it's a definitional difference. Like as I mentioned, the contractor, who might be a more senior person, would set up the logistics about getting the project done and the time frames and that sort of thing. Signing of timesheets, and if the employee had a grievance or whatever, that would never be handled by a contractor. So you're correct. And now we would have to structure it so that it's actually a SHIN manager, a SHIN-employed manager saying or approving the schedule of work or how they go about it, that sort of thing, versus a contracted resource.

Ms. Atkinson: — Okay. So that's, yes, that's what I sort of understood — that the work is given to you by someone who is another public servant so that you're now going to comply, I guess, with what I believe is contained in *The Public Service Act*.

Mr. Hendricks: — Yes. It would be another step in the process. Obviously some of our managers won't have the expertise for very specific projects to plot out the schedule or time frames or the doables. And so they would have to take that now to their senior manager and say, okay now you tell these guys to do it, you know.

Ms. Atkinson: — Okay. Thank you.

The Chair: — Mr. Hart.

Mr. Hart: — Mr. Chair, I would move that this committee concurs with the auditor's recommendation on chapter 6, recommendations 5 and 6, and notes concurrence.

The Chair: — Or compliance.

Mr. Hart: — Sorry, sorry. Compliance.

The Chair: — All agreed?

Ms. Atkinson: — Are we sure we complied on 6? I thought we weren't there yet.

The Chair: — Well we can certainly discuss this. This is where the auditor's office and this committee become very valuable after this, to go back and follow this, what we've had expressed to us.

And now maybe we'll just put back 5 and 6. We need to trust in the officials that come before us. I believe I've heard that both recommendations 5 and 6 are understood to be complied in. I think it might be different for 7 and 8, where we might look at progress on those fronts, but I guess I would look to the ministry to clarify.

Ms. Atkinson: — It's just 6 I need clarification on.

The Chair: — 6 specifically, recommendation 6. Is it the perspective of the ministry that that is, that compliance is in fact in place?

Mr. Hendricks: — We believe we're in compliance.

The Chair: — And of course and for the public that's watching this, this isn't it as far as any sort of analysis. There is now an audit that goes on after the fact here where the auditor, auditor's office follows up. Secondly the Public Accounts Committee at any point can continue to ask for further information and clarification.

So Mr. Hart has moved 5 and 6, that we concur and note compliance. All agreed?

Some Hon. Members: — Agreed.

The Chair: — So it's agreed that this committee concur with recommendations 5 and 6 of chapter 6 of the 2010 auditor's report volume 1 and note compliance. Mr. Hart.

Mr. Hart: — Mr. Chair, I would move that this committee concurs with the auditor's recommendations 7 and 8 and notes progress.

The Chair: — All agreed?

Some Hon. Members: — Agreed.

The Chair: — It's agreed that this committee concur with recommendations 7 and 8 of chapter 6 of the Provincial Auditor's 2010 volume 1 report and note progress towards compliance.

Now the primary business of today in Health were these recommendations. Are there any further questions at this point in time for Health specifically? Not seeing any, then we've run into a bit of timing dilemma for further meetings here this morning. And I look a little bit casually here to members to look for advice whether or not we want to try to engage in the next chapter. Maybe we should be moving that forward to another day so we have the adequate time.

Mr. Hart: — Mr. Chair, I would ask, are there any other officials that the ministry has brought to deal with chapter 12, that idea of travelling a long distance, or are the contingent of ministry staff here today prepared to answer these questions?

Mr. Hendricks: — We're all from Regina.

Mr. Hart: — Oh you're all from Regina. I would believe that with the time constraints that we may defer our consideration of chapter 12 to a future meeting.

The Chair: — Thank you, Mr. Hart, and I think that that's what we'll do here today.

I'd like to thank officials that have joined us here today for providing the information. I thank them as well for the information they'll be providing in subsequent days to committee members through the Clerk's office. I'd like to thank our auditor's office and our auditor here today for providing their report, certainly our comptroller's office for joining us here today, and to committee members. Thank you very much.

I would now welcome a motion of adjournment.

Mr. Michelson: — So move, Mr. Chair.

The Chair: — Mr. Michelson moves motion of adjournment.
All in favour?

Some Hon. Members: — Agreed.

The Chair: — So moved.

[The committee adjourned at 10:55.]