



# **STANDING COMMITTEE ON PUBLIC ACCOUNTS**

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## STANDING COMMITTEE ON PUBLIC ACCOUNTS

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Regina Rosemont

Mr. Glen Hart, Deputy Chair  
Last Mountain-Touchwood

Ms. Pat Atkinson  
Saskatoon Nutana

Mr. Dan D'Autremont  
Cannington

Mr. Rod Gantefoer  
Melfort

Mr. Warren Michelson  
Moose Jaw North

Mr. Lyle Stewart  
Thunder Creek

[The committee met at 09:34.]

**The Chair:** — So at this point we'll convene our meeting here this morning, Standing Committee of Public Accounts. Today the main considerations for the committee are the 2010 Provincial Auditor's report volume 2, as well volume 1 in the afternoon. The primary business this morning focuses on chapters within Health.

And maybe just to deal up front right now, we've had a request from the Ministry of Health to consider the chapters in a different sequence to accommodate some officials that have travelled into Regina here today. So I look to committee members if . . . What's been requested is that we were going to look at part A, B, C, and D in that sequence; if we could look at it with part C and then moving on to A, B, and D. All agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — Okay. So moved. Welcome, committee members, here today. Sitting at the table is Vice-Chair Mr. Hart; Mr. Gantefoer, Mr. D'Autremont, Mr. Michelson; substituting for Mr. Stewart, we have Mr. Elhard; and Ms. Atkinson. Welcome to committee members.

I'll make note to all within the room that our live video stream and audio stream is down this morning. It may reappear. We'll inform you if that changes. However we do have Hansard to record all discussions verbatim here today.

Just by way of tabling information, most of you or all of you should have received these documents to your respective offices. But I'd like to table documents that ministries have provided as answers in response to questions from a couple committee meetings in the past couple of months. We have responses from the Ministry of Highways on November 24th, 2010, and Ministry of Health on December 8th, 2010.

At this point in time, I'd like to welcome ministry officials from the Ministry of Health and from some of our regional health authorities for joining us here today. I'd like to welcome officials from our Provincial Auditor's office, Ms. Judy Ferguson joining us here today. And I'll have her briefly introduce her officials.

**Ms. Ferguson:** — Thank you, Chair, members. I'm actually sitting in for Brian Atkinson, hence the pause there. I have with me today Mobashar Ahmad who's responsible for the Ministry of Health and its various regional health authorities. With him is Regan Sommerfeld. And Kim Lowe is our coordinator for the Public Accounts Committee who is also joining us. Would you like me to turn over . . .

**The Chair:** — At this point in time we'd also like to welcome, from our Provincial Comptroller's office, Mr. Paton. And also with Mr. Paton today, Ms. Borland. Thank you for joining us here today.

At this point in time I'll turn it to the Ministry of Health. If we could have a brief introduction of the officials that you have with us here today, and then I'm going to turn it over to the auditor's office to make a presentation of their findings and

then your subsequent presentation to that.

## Health

**Mr. Fisher:** — Thank you, Mr. Chair. My name is Duncan Fisher. I'm special advisor to the Deputy Minister of Health. With me today on my right, Ted Warawa who is the executive director of financial services. Also in attendance from the ministry are Garth Herbert, director of financial compliance and internal audit; Brenda Jameson, acting executive director of the health information solutions centre; Ron Knaus, executive director of workforce planning; and Cara Smith who is a senior financial analyst with the ministry.

In addition, from Kelsey Trail Health Region, this morning we have Glen Kozak who is the CEO [chief executive officer] of that RHA [regional health authority]; Pam McKay, VP [vice-president] of institutional and emergency care; and Shane Merriman, VP of finance and information services.

**The Chair:** — Thank you, Mr. Fisher. At this point in time I would like to turn it over to the auditor's office to make presentation as it relates to chapter 11C, specifically — I just want to get the proper formal title to it — the maintenance of medical equipment. Thank you.

**Mr. Ahmad:** — Thank you. Good morning, Mr. Chair and committee members. Chapter 11C begins on page 179 of our 2010 report volume 2. The chapter reports that Kelsey Trail Regional Health Authority did not have very good processes to maintain its medical equipment for the year ended March 31, 2010.

The RHA has approximately 1,600 staff and 35 physicians. It has three district and three community hospitals. In 2009-10 the RHA has spent 1.4 million on capital equipment purchases and about \$700,000 on repair and maintenance.

For our audit, medical equipment includes intravenous pumps, ventilators, cardiac monitors, diagnostic equipment, beds, and lifts. The preventative maintenance of medical equipment helped ensure the equipment works as planned and can reduce overall capital spending over the long run. We use the criteria described on page 182 to do our work. Management of the authority agreed with the criteria.

Our first recommendation required the RHA to clearly define roles and responsibilities for maintaining all of its medical equipment and of course with the recommended standards. We noted that staff at both the district hospitals did not always know what preventative maintenance was required for medical equipment and who was responsible to do such maintenance. Lack of clear information about roles and responsibilities puts patients at risk and reduces public confidence in health care system.

Our second recommendation required the RHA to maintain all equipment in accordance with the required standards. We made this recommendation because about 28 per cent of the equipment that we tested did not conform to the manufacturer's preventative maintenance standards. The RHA needs to ensure it maintains all medical equipment according to the prescribed

standards so that patient care is not put at risk.

Our third recommendation required the RHA to establish policies and procedures for maintaining medical equipment at all of its health care facilities. The RHA needs policies and procedures for maintaining medical equipment consistent with maintenance standards and legal requirements.

Our fourth recommendation requires the RHA to make an agreement with the service provider for the maintenance of medical equipment. The RHA told us it has agreement with the service provider to maintain medical equipment. Although we saw some evidence of the service provider's work, management could not provide us a copy of the written agreement. Lack of documented agreement increases the risk that the service provider may not provide services as promised or may not meet expectation.

Our fifth recommendation requires the RHA to monitor medical equipment maintenance work performed by the manufacturers and its service providers. The RHA did not adequately monitor equipment performance, nor did they have processes to ensure this medical equipment has received preventative maintenance that manufacturer recommended and the law requires. Poorly maintained medical equipment could put patient care at risk.

Our sixth recommendation required the RHA to maintain a complete and current list of all its medical equipment, its locations, and its maintenance record. We made this recommendation because the RHA did not have a complete and up-to-date inventory record of its medical equipment. In the past year, RHA service provider reported that it could not find about 16 per cent of the equipment it needed to test. However, we found no evidence of RHA's efforts to find such equipment. Lack of current and complete list of medical equipment increases the risk that some equipment may not be maintained according to the recommended standards.

Our last recommendation requires the RHA to provide reports to the board and senior management on the state of medical equipment at all its health care facilities. The RHA does not provide the board and senior management with adequate reports on the state of its medical equipment, nor does it provide adequate information from employees using such equipment. As a result, employees may not be aware of medical equipment that is working incorrectly or is unsafe to use.

In June 2009 management told us that they already have hired a biomedical technician to maintain equipment that manufacturers or the server provider do not maintain. Management also told us that the technicians have begun to tag equipment and identify maintenance requirement. We also understand the auditor has bought a computer program and hired staff to track equipment and document equipment maintenance requirements. And that concludes my overview. Thank you.

**The Chair:** — Thank you. We'll turn it over to Mr. Fisher and the Ministry of Health, as well Kelsey Trail. And just for anyone that comes before the committee as it relates to officials, please state your name prior to making your statements.

**Mr. Fisher:** — Okay. Really we have no opening remarks other

than to say we appreciate the auditor's work on this file. Accountability is certainly a priority for us as well as for the Provincial Auditor and we're open to answer any questions that you may have on chapter 11C.

**The Chair:** — So I look to committee members with respective questions. Ms. Atkinson.

[09:45]

**Ms. Atkinson:** — Well first of all welcome to the officials from Kelsey Trail. I hope you had a safe drive in. It was a bit blowy when I was driving in yesterday.

I guess from my reading of this, it appears as though it's not only Kelsey Trail that might have this problem, but other health regions may have a problem in terms of the policies and procedures being enacted across the piece. And I'm just wondering. There are a number of recommendations that have been made by the auditor. Can you bring us up to date where the situation is at in Kelsey Trail? And that would be one question. The second question would be to the ministry. What are other health regions doing about this issue as well?

**Mr. Fisher:** — Well maybe if we could start with the second piece. As I said, we take the Provincial Auditor's report very seriously, and when the report was issued we canvassed other regional health authorities to find out what they were doing in this area. And in addition, on a regular basis when reports like this are issued by the auditor, we have a group of CFOs [chief financial officer] meeting regularly. And we share with all of the regional health authorities reports from the Provincial Auditor to give them a sense of what type of work he's doing and what type of recommendations are being made with the intent that they will take them back and give consideration to the various recommendations should they identify something that strikes close to home in their regional health authority that can be improved.

And some examples: Cypress Regional Health Authority, they employ two biomedical technologists who receive vendor training and are responsible for checking all new equipment, annual checks and maintaining, repairing equipment. They also have some service contracts on certain pieces of equipment that are beyond the scope of their in-house technologists. They're currently working on written policies and procedures to document all of the issues around medical equipment.

In Five Hills, roles and responsibilities have been clearly defined in policy. They've got those written policies in place and, as an example, they have a computerized maintenance system to track equipment, location, and service history, and their inventory is kept current.

In Heartland they receive biomedical services from the Saskatoon Health Region under contract. That contract provides equipment monitoring and maintenance on a semi-annual basis. The manager of operations in Heartland is responsible to ensure and identify repairs are done and completed.

Sites individually within Heartland are responsible for identifying equipment needs between visits, and the region has identified this as a bit of a gap in their procedures and they're

working on trying to rectify that. Their procedures have been in place for a while, but they haven't incorporated them into a formal operational policy and so they're currently working on that as well.

Prairie North roles and responsibilities are defined in policy. A computerized maintenance management software system was implemented this July. Higher risk medical equipment and the majority of other medical equipment in the system, they're just working on making sure that each and every piece of medical equipment — starting with the higher priority, higher risk equipment — is logged into that new system.

In P.A. they've got clearly defined roles and responsibilities in place, policies and procedures related to the use of the maintenance of equipment. A fixed asset ledger including location is maintained, up to date, and maintenance records are in place.

Regina Qu'Appelle, roles and responsibilities again clearly defined, regional policies and procedures in place. They have a library of maintenance procedure schedules for high- and medium-risk medical devices. And the listing of equipment is maintained on an automated IT [information technology] system, and they're confident that the vast majority of their equipment and the maintenance records are up to date in their clinical engineering services database.

Saskatoon, specified managers in departments are responsible for the ongoing maintenance of equipment within their departments. They have an up-to-date equipment database. The region has increased funding to ensure staff is available to properly maintain their equipment and document results, and I understand the Provincial Auditor is currently auditing Saskatoon's medical equipment processes.

In Sun Country the physical plants department's responsible for contracted equipment maintenance agreements. They have service agreements with Regina Qu'Appelle that were put into place in 2010, and they are in the process of drafting their policies regarding roles and responsibilities.

And in Sunrise, biomedical engineering maintains medical equipment that is not on a service contract with a vendor. They have a schedule that is established and followed. This in the past has been an informal process, so they too are working on establishing written policies and procedures. They completed a review in October 2010 of all their medical equipment region wide, and the equipment is now maintained in a database.

**Ms. Atkinson:** — And Kelsey Trail, the auditor made a number of recommendations. I guess I have a couple of questions around that. Where's Kelsey Trail at in terms of completing and having up-to-date inventory records? Do they now have staff at the hospitals both in Tisdale and Melfort that know what preventative maintenance needs to take place and who's responsible? So I guess I'm just wanting an update on the . . . Since the auditor's report, what have you done to correct the deficiencies?

**Mr. Merriman:** — Good morning. My name is Shane Merriman. I'm the VP of finance and information services for Kelsey Trail. Thank you for the opportunity to be here. I'll try

and give you an update on where we're at with that.

As mentioned in the auditor's report, we did hire a biomedical engineer, and he's in place. And we also hired an administrative assistant to assist the biomedical engineer and the maintenance department. The purpose of that was so that that individual could maintain the database. So as mentioned in the auditor's report, we had just moved towards a computerized management system for a preventative maintenance program. So that individual has been responsible basically for the input and so on and so forth. So we are in the process of putting that database together.

I'll just read some of where we're at. The biomedical engineer has been out and about in all of our facilities on an ongoing basis actually for the last 12 to 18 months. Each piece of equipment has been tagged with a biomedical asset tag. The tag number and a description of the piece of equipment was entered into the database. And the database is available to all our facility administrators, the executive committee, and selected other people as necessary, and it's available on a read-only basis. Changes to the database can only be done by our biomedical engineer or the administrative assistant.

The database contains the date. And we're still working on this. We don't have all of this information in there, but it will contain the date that the last PM [preventive maintenance] was completed on each piece of equipment and the next scheduled PM for that piece of equipment. At a minimum, each piece is scheduled for semi-annual checks unless specified otherwise by the manufacturer. We are currently working with the provider of our preventative maintenance program for the database to be updated automatically as the checks are completed. At this point in time, there's about a two- to three-day delay in getting that update into the database because we actually have to do it manually.

The database currently, the way we had set it up originally, had a couple of columns for biomed equipment and other equipment. And upon further review, we've identified this to be an issue. So our goal that we've set for March 31st of 2011 is so the database will reflect who is responsible for the check. So it'll be outlined in one of three categories: either a service contract by an outside vendor; the maintenance department, if it's a piece of equipment that isn't biomed; or the biomedical engineer. So this will appear in the column and reflect who is responsible for the preventative maintenance check.

Currently we are working to identify all pieces of equipment that require preventative maintenance checks and who will be responsible to complete the checks. By completing this process, we will determine a start date for the program to automatically generate a work order on the due date of the next scheduled preventative maintenance check. The work order will be sent to the individual or department that is responsible to perform the PM. Again we have set a date of March 31st as the target date to have this in place. So that's kind of an update on where we're at with the program.

We're also working on a policy and procedure manual. We have implemented a couple of policies, more on a high level. We realize that there needs to be further work done in that area, and we're finding that as we work with the database, that it's

helping to inform us as to the policy and procedures that are necessary that we should be putting in place. So again it's all hopefully coming together in the relatively near future.

**Ms. Atkinson:** — Thank you. Thank you very much for the update. Now some of the equipment needs to be maintained daily as I understand it from the report, or it needs to be looked at daily. Is that occurring?

**Ms. McKay:** — From a nursing perspective, any time a nurse or staff member is required to use a piece of equipment, they do a visual inspection. They're checking that equipment to ensure that it's working properly before it's used or applied to a patient. And that's regardless of preventative maintenance or not. You can do a PM program and the day before have checked the equipment, and then the next day it can be malfunctioning.

So staff need to be aware and checking equipment before it's used all the time, and staff are trained. We have policy that any new piece of equipment brought into the facility or a new staff member is brought in to work in our organization that they're trained on the pieces of equipment that they work with.

**The Chair:** — Sorry, just to intervene. Could the official please state their name.

**Ms. McKay:** — Sorry. Pam McKay.

**The Chair:** — Thank you.

**Mr. Fisher:** — One area that . . . I don't know if this is what you were referring to, but lab equipment is an area where, you know, there is a daily review of the equipment, daily calibration of the equipment across the health system. And that happens on a routinized basis to ensure that when a specimen is entered into the equipment, it processes it appropriately.

**Ms. Atkinson:** — [Inaudible] . . . a technical question. So if a person was responsible for maintaining a piece of equipment and they had to check it daily, would that be entered into the system that you've just built, your IT system? That's question number one.

Second question, is Kelsey Trail now providing the board of directors for the regional health authority with ongoing updates on the state of the medical equipment in the region? And are you providing that information now to the employees? Because that was another observation of the auditor that adequate information to employees using the equipment was not provided and employees were in a position where they may not be aware of medical equipment that's not working properly or is unsafe to use.

So those are pretty significant observations by the auditor, and I'm wondering if that's been remedied by the region.

**Mr. Merriman:** — With regard to the daily checks, to be honest with you, at this point in time I don't think that necessarily the daily sort of routine tasks that may be done on a piece of equipment are necessarily entered into the database. I guess that's something that we will have to take a look at. It's been more the PMs that we've been concentrating on at this point in time.

With relation to the reporting and keeping employees in the know as well as senior management and the board, the way the system works is that in order to generate some work on something, you have to put in a work requisition form. From that form, and that comes from various individuals, any employee in the health region can actually access the system via staff kiosks or a terminal if they have it at their desk.

[10:00]

They put that in . . . All that work where the request goes in, the request goes in, and it goes to the maintenance or the biomedical engineer. They're updated as to the status of what's been done with that piece of equipment on a real-time type basis. So if they do work in two to three days, then an email basically goes back to the person who made the request and the work requisition so they're informed of the status of that equipment — either the issue has been resolved or that further work needs to be done. So I think in that manner we're able to keep our employees up to date on the status of the equipment.

With regards to executive and our board, certainly the audit was presented so they're very well aware of the situation. We have not, at this point in time we do not have a generated report. We're reviewing that as part of the build with the database and with the software provider as to what the most appropriate reports would be to provide to our board of directors, which would be at a higher level than certainly what the employees are seeing. So we don't have that developed at this point in time.

**The Chair:** — Can we have clarification on a couple of the recommendations? I've appreciated your comments as it relates to many of the specific recommendations, but I thought I would just see if we can capture some comments specifically on recommendation no. 4. I don't know that I heard of any process in place to make agreement, as it recommends, with its service providers for maintenance of the medical equipment, and I'd just be seeking some further expansion on that recommendation.

**Mr. Merriman:** — With regard to the service providers, so the service provider would obviously be someone that would be an outside vendor or another regional . . . it could be another regional health authority that we may receive the service from. It certainly is common practice within the health region to have either a service agreement or a service contract or that type of thing in place, and I do believe for the most part that we do.

If my understanding is correct in this particular area, we may have been speaking towards a particular service provider and that service provider was providing equipment maintenance to a specific unit, I believe. And the Provincial Auditor's office could clarify that for me. And I believe that that had lapsed, that agreement had lapsed whereby it wasn't current and up to date.

**The Chair:** — You've sought clarification from the Provincials Auditor's office. Maybe I can welcome comment. Maybe just by way of mention to the committee here, our video stream and audio has re-established itself here this morning so fix your ties, part your hair the right direction, and we're going live.

**Mr. Ahmad:** — Mr. Chair, thank you. The service provider they have to provide certain services in a couple of units have

been doing that for many, many years, and when we asked for agreement, they did not have agreement. They could not provide us agreement. That's what we're talking about.

**The Chair:** — So is that agreement in place now?

**Mr. Merriman:** — No, actually that particular agreement I do not believe is in place, and is part of this process as to what we're putting in place with the database whereby we're actually going through . . . There's that other component of the database where we are identifying all of our service contracts in that nature. So as we go through that, the process will be that when we identify whether there's a service contract, whether the biomed engineer, whether the maintenance department is responsible for that, the intent is that, when that's identified, that we will actually have the service contract available so that we do know that in fact we have a service contract in that area and that in fact it is up to date. And no, on this particular item we don't have that service contract up to date at this point in time, to the best of my knowledge.

**The Chair:** — Is it Kelsey Trail's full intent to comply with this recommendation fully in due course?

**Mr. Merriman:** — Yes.

**The Chair:** — Ms. Atkinson.

**Ms. Atkinson:** — Isn't this kind of an easy one to comply with, to have a service contract with someone who's been providing a service for many years? Is that not quite simple to get done? I think it's different than if you have to build a database and do the inventory and that sort of thing. So is that something that you could comply with fairly easily, or it's just not been a priority at the moment?

**Mr. Merriman:** — No, it's certainly something we could comply with. Yes.

**Ms. Atkinson:** — Okay. Thank you.

**The Chair:** — The only other recommendation that I don't know that I've heard the response fully on is the last recommendation, no. 7, specifically the reporting to board of directors and senior management of the state of medical equipment. I'm just wondering where you're at. Is it the intent to fully comply with that recommendation, and then if so, is there a process in place now? Have you set up a process of reporting?

**Mr. Merriman:** — Yes. We certainly intend to fully comply with that recommendation. Really all it's been at this point in time is there has been some verbal communication with the board as to the process that we're following. What we don't have is, I guess it would be technical in terms with regards to the report and the report that can be generated by the computerized maintenance system. So what we're doing currently is we're looking at and working with the provider to identify kind of the format, if you will, of the report that we could provide to the board that would be meaningful for them at their level.

**The Chair:** — Mr. D'Autremont.

**Mr. D'Autremont:** — Thank you. Tracking equipment and policies for such, it seems some of the health districts have that in place, and in this case that wasn't the case. Have you looked at the policies and the tracking systems that are in place in other health districts and considered that as a possible use for Kelsey Trail?

**Mr. Merriman:** — Yes, we have had discussions with other health regions. There are other health regions in the province that are actually utilizing the same software that now we've begun to use, and there has been ongoing communication between our director of maintenance and our biomedical engineer with the folks in those regions, you know, I guess in an effort not to reinvent the wheel type thing.

**Mr. D'Autremont:** — That's what my concern was: were you trying to come up with a whole new Kelsey Trail specific, or were you looking . . . In my opinion we need to have as much commonality as possible within the entire system.

**Mr. Merriman:** — Agreed.

**The Chair:** — Ms. Atkinson?

**Ms. Atkinson:** — So I understand that it's the expectation of Kelsey Trail that you'll be fully compliant by March of 2011?

**Mr. Merriman:** — Our target date is March of 2011 to have the database populated, fully populated so that we can utilize it.

**Ms. Atkinson:** — So by March 2011, will there be clearly defined roles and responsibilities for maintaining all of the medical equipment? By March 2011, will there be maintenance of all equipment in accordance with the standards? Will Kelsey Trail have written policies and procedures for maintaining the medical equipment? So I guess what I'm trying to get at, in terms of the seven recommendations by the auditor, by March 2011 — that's your target date — will all of these recommendations be implemented?

**Mr. Merriman:** — We've targeted March 31st of 2011. I would not be comfortable in telling you that yes, in fact all those things will be dealt with by March 31st, 2011 because I guess we deem it as a work-in-progress. I know that in some discussions that we had with the Provincial Auditor's office as well in and around the recommendations, our full intent is to comply with the recommendations, but we realize that it does take some time to put it all into place.

So we have set targets for ourselves. But I guess in the Provincial Auditor's office words as well, they realize that it does take some time to put some of this into place, and when we had talked I guess we actually even had some discussion about the follow-up to see what we have done in relation to this. And then it can take . . . Obviously time varies, but it can take up to 12 or 18 months to get everything into place. We have targeted March 31st and we're working towards it, but I wouldn't be comfortable telling you that yes, in fact everything will be in place because I don't know that.

**Ms. Atkinson:** — A question to the auditor: when were you out taking a look at this? What year was that? Was it in 2009?

**Mr. Ahmad:** — It was actually March 31st, 2010.

**Ms. Atkinson:** — March 31st, 2010. But did you look, were you out before March . . . I mean this is as of, but so were you out during all of 2010 or 2009?

**Mr. Ahmad:** — We were writing throughout the year, but most of the work was done by March of 2009 actually.

**Ms. Atkinson:** — By March 2009.

**Mr. Ahmad:** — 2010.

**Ms. Atkinson:** — 2010. Okay. And as I understand it from Kelsey Trail, you knew about this. You hired a biomedical person 18 months ago. Is that what you said?

**Mr. Merriman:** — In June of 2009.

**Ms. Atkinson:** — June of 2009. So obviously you've been at this for a while trying to get this organized. I think, Mr. Chair, it would be important for the committee to consider this, that at an appropriate time, sometime in 2011, that we invite Kelsey Trail back to give a report to the committee in terms of how these recommendations have been rolled out and implemented. I particularly think it's important that we not only have verbal reports to the board, but in terms of governance there needs to be written reports in terms of accountability and responsibility of the board of the regional health authority, and I think that should happen sooner rather than later.

And then of course while this is being implemented, I recognize that it'll take some, you know, to work out some of the kinks, but I think we need to have an update at some stage as a committee in terms of our own accountability. This is important in terms of public safety. And it needs to be taken very seriously and obviously it has been by Kelsey Trail, but I think we need to be assured as legislators that these recommendations in fact had been put in place.

**The Chair:** — Fair comments, Ms. Atkinson, and certainly at a later date by the will of this committee we can certainly call Kelsey Trail to provide us an update. So at any point into the future we can make a motion of that nature.

My one comment would be is we understand that the processes take time. We recognize the importance of having confidence in the equipment within the health system, so what this raises is concern across the public, and 28 per cent of the equipment hasn't had the proper maintenance. But the big question, I guess, is as it relates then to what equipment is actually properly working. Has there been an audit? We understand the process to establish proper maintenance into the future. Has there been an audit of all equipment at this point in time to make sure, despite improper maintenance records and improper management over some time, whether or not equipment's working or not?

**Mr. Fisher:** — I was just going to ask . . . On the previous question about having a written report or another appearance of Kelsey Trail at the committee, to avoid duplication of effort, it's my understanding that the Provincial Auditor is going to go back out and do a follow-up audit in the next year or so.

**The Chair:** — The two pieces support one another, and certainly the auditor's office has a process of follow-up. Certainly this committee has full scope and ability to call a ministry, any ministry before . . . to provide assurances as well.

**Mr. Fisher:** — No, I appreciate that. I just was wondering when they were actually going out, if they knew, and whether we could coordinate it. But if you want something sooner, we're certainly prepared to provide the information.

**The Chair:** — I think we'll be working with the committee on that. Thank you. Mr. Hart.

[10:15]

**Mr. Hart:** — Mr. Chair, before we make a decision on the suggestion by Ms. Atkinson, I need some clarification with regards to the auditor's recommendation no. 4 where he talks about no agreement with a service provider. It seemed to me I heard Mr. Merriman say that, even though there wasn't a formal agreement in place, that the equipment was being maintained. Just that the agreement had lapsed, and things continued as if there was an agreement in place. Is that in fact correct? Did I understand that correctly?

**Mr. Merriman:** — Yes, you did.

**Mr. Hart:** — So then we have a situation where equipment, it was being maintained. It's just that basically the paperwork wasn't done as far as having the new agreement in place and that sort of thing. Thanks for that response.

I would suggest, in response to Ms. Atkinson's suggestion, is that perhaps rather than having a special report and a special appearance by Kelsey Trail, that we would ask the auditor to . . . I believe it's a usual practice that every two years you go back and revisit. Perhaps maybe you could move this up in the schedule and revisit and review the progress that Kelsey Trail is making in this area and do it sooner than two years from now, if that's possible. And also I would suggest that, if this is an issue that not only applies to Kelsey Trail, that perhaps you give special attention to this area in the other health regions, particularly those that may be somewhat deficient in . . . It seems to me from Mr. Fisher's report that some health regions had progressed further in this area than other ones and perhaps you'll have a look at all of those and move that up in the schedule. I wonder if that would accomplish what we need to do here.

**The Chair:** — Ms. Atkinson.

**Ms. Atkinson:** — Well we have a health region that's telling us that they're going to have . . . You know, their target is the end of March. And when you look at Provincial Auditor reports, they go back in two years and then oftentimes they discover that recommendations haven't been totally adhered to, totally implemented, and whatnot.

So I guess what I was trying to get at for committee members, maybe they don't have to reappear but they might want to give us a written report that they would be giving their health region just in terms of where they're at in terms of completing these recommendations.



And my argument here is that . . . And I'm not being critical of any health region. You know, the Provincial Auditor, we make progress because of recommendations of the Provincial Auditor pointing out things to public servants and to elected officials or appointed officials. I just think that this is something that we as a committee might want to pay attention to because, as the auditor has said, equipment failure could result in harm to the public.

And so we have an example here. And this is not to make an example of Kelsey Trail because other regions have the same issue, but it seems to me that Kelsey Trail's been at this for a bit and I'd like to know at some stage this year that they have complied with the recommendations. So maybe it's not reappearing before the committee. Maybe it's just a written report to the committee, and we could say by the end of August, you know, whatever might be appropriate. So that's my argument, committee members.

**The Chair:** — Mr. Michelson.

**Mr. Michelson:** — Thank you, Mr. Chair. I would ask of the Kelsey Trail, is the regional board aware of the recommendations?

**Mr. Merriman:** — Yes, they are.

**Mr. Michelson:** — Well if taking that they are aware of the recommendations, I would think you would be reporting to the board on a regular basis on the updates and the advancement of the recommendations and it would be the board's duty for sure to make sure that these are followed up and complied with.

**Mr. Merriman:** — Agreed.

**Mr. Michelson:** — So I'm not sure if we need to come back to the committee at all, but I'm relying on the board, and I'm sure they will, to follow up and make sure that these recommendations are complied.

**The Chair:** — Do we have anything further to this conversation? Of course, this can occur at any point as far as this discussion and what we're requesting from Kelsey Trail. Or do we want to establish a discussion and a protocol in this, here, right now?

And not to be repetitive, just to go back to one question. Again, proper maintenance would suggest that there's confidence that that equipment's going to work and function properly. Has all of the equipment within Kelsey Trail been tested to make sure that it's functioning properly?

**Mr. Merriman:** — Yes. Like, there hasn't been a particular audit per se done. But our biomedical engineer has been out and went around and tested and tagged because it's part of the process. We're tagging it so that we have that up to date and accurate inventory and, while doing that, has done any necessary checks to that equipment.

**The Chair:** — But you don't have the confidence that all of the equipment has been tested and is functioning properly. There hasn't been an audit of that nature.

**Mr. Merriman:** — No audit of that nature.

**The Chair:** — See, and I don't know where committee members are at. But to me, these processes are good because it should leave us in good stead into the future, and I think there's good application to all authorities.

But the question right now that this raises, that some of this equipment may not be functioning properly. And I do believe the public and those utilizing services of Kelsey Trail, which could be any one of us depending on where we are on a particular day, that that equipment's functioning properly. And I would certainly, I would look maybe to Mr. Fisher, I would personally see some significant value in making sure that all equipment is working in a specific audit on that nature.

**Mr. Fisher:** — I mean, I don't want to put words in Mr. Merriman's mouth. But what I heard was that their engineer has been out and looked at . . . The process was, they have tagged each piece of equipment to enter it into the database. And while he was there — or she; I'm not too sure who it is — while that individual was there tagging the equipment, they performed any necessary checks on that equipment. So the equipment is working appropriately to the satisfaction of the biomedical engineer.

What they have not done to this point is formalize an audit process where they have documented all of those instances. Is that fair?

**Mr. Merriman:** — That's fair.

**Mr. Fisher:** — So I think there is a level of confidence that the equipment in Kelsey Trail Regional Health Authority is working properly today.

**The Chair:** — Mr. D'Autremont.

**Mr. D'Autremont:** — Okay, thank you. I think it's important that the processes be done properly and the maintenance be recorded and done properly. You've suggested that your target is March 31st but that you're not 100 per cent confident that you can achieve that. I think it would be reasonable for this committee to ask that you report back to us in six months from that date as to whether or not you have succeeded in accomplishing your targets. So a written report to this committee, say September 30th, would be appropriate for us to then review.

A second part of the question though is I'm a little concerned about the chairman's statement that 28 per cent of the equipment is not working. I believe what it says in here is 28 per cent of the equipment, the preventative maintenance hasn't conformed with the standard set by the manufacturer. So that doesn't necessarily mean the equipment is not working. It's just that the paperwork hasn't been done.

So I'd like to ask both Kelsey Trail and the Provincial Auditor's office, did you find that 28 per cent or up to 28 per cent of the equipment was not working, or was it that the paperwork hadn't been done properly according to the manufacturers' recommendations?

**Mr. Ahmad:** — Mr. Chairman, what we found was there was no evidence that standards had been maintained for that equipment, 28 per cent.

**Mr. D'Autremont:** — Does Kelsey Trail have a comment they would like to make on that number and the serviceability of the equipment?

**Mr. Merriman:** — Yes. My understanding of the audit, and I stand to be corrected, but no equipment was physically tested. The equipment works. It was the documentation wasn't necessarily in place.

**Mr. Ahmad:** — Mr. Chairman, we did not test any equipment as such. We were looking at the documentation.

**A Member:** — Yes, thank you.

**Ms. Ferguson:** — But in this case the documentation showed that it did not conform to the standards. So the documentation existed to show that it did not conform to the standards. So in this case the documentation existed and it showed that they were offside with the standards.

**The Chair:** — I think we have specific recommendations that we can consider motions on here today. We've had a good discussion on something that's critically important to a region and to the province. Mr. Hart.

**Mr. Hart:** — Mr. Chair, I would move that on recommendation no. 1 that the committee concurs with the recommendation of the Provincial Auditor but notes progress.

**The Chair:** — Is that agreed? Moved by Mr. Hart on recommendation no. 1 to concur and note progress.

**Some Hon. Members:** — Agreed.

**The Chair:** — All agreed. Mr. Hart.

**Mr. Hart:** — Mr. Chair, on recommendation no. 2, I would move that the committee concurs with the recommendation and notes that the health authority is progressing towards compliance.

**The Chair:** — Mr. Hart has moved that we as a committee concur and note progress. And I see a comment from Ms. Atkinson.

**Ms. Atkinson:** — I have a question. I'm interested in the ventilators that are in Kelsey Trail at the hospitals. The Provincial Auditor specifically notes that ventilators have a daily, weekly, and monthly maintenance requirement and that manufacturers' standards require that ventilators be returned after 6,000 hours of use. My question is this, and I noted that the last testing of the ventilator was in 1998. Have your ventilators been tested since this auditors report?

**Ms. McKay:** — This particular ventilator that you're speaking to has been removed from service. It's gone. We have two new ventilators that were purchased during H1N1, and they actually have not been put into service yet. There's still education to be done with staff and physicians before they'll be put into service,

and they will comply with standards.

**Ms. Atkinson:** — So was there only one ventilator in Kelsey Trail, or were there others?

**Ms. McKay:** — Just one.

**Ms. Atkinson:** — Just one.

**Ms. McKay:** — Right.

**Ms. Atkinson:** — So now we have two ventilators that have been purchased, but all of the work has not been done at the staff in order that those ventilators can be used.

**Ms. McKay:** — Right.

**Ms. Atkinson:** — So if I required a ventilator in your health region, I wouldn't be able to . . . I'd have to go elsewhere, I guess.

**Ms. McKay:** — And that's historically been a . . . With Kelsey Trail, we don't have ICUs [intensive care unit]. We don't have the staffing or the physician resource to run an ICU. So anybody that's requiring that type of ventilation, it would be very short-term. It would be to stabilize and transport to a tertiary or regional centre.

**Ms. Atkinson:** — Okay. Thanks.

**The Chair:** — It's moved by Mr. D'Autremont.

**Mr. D'Autremont:** — So you're saying then that the need of a ventilator, if that is needed, would be available through your emergency services through the ambulance system?

**Ms. McKay:** — Not the ambulance system. Into the future with our two new ventilators, we would have that availability in two of our emergency rooms. But again it would only be for stabilization and transport because we don't have ICU capabilities or capacity.

**The Chair:** — We have a motion on the table as well that was moved by Mr. Hart, that we concur and note progress for recommendation no. 2. All agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — So moved. Mr. Hart.

**Mr. Hart:** — Mr. Chair, with regards to recommendation no. 3, I would move that we concur and note progress on it.

**The Chair:** — All agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — It's agreed that this committee concur and note progress as it relates to recommendation no. 3.

**Mr. Hart:** — Mr. Chair, with regards to recommendation no. 4, I would move that we concur with the recommendation. And I believe there has been some progress or we have . . . No. I will

leave it to the discretion of the committee to see whether we have progress or not. So I will clarify my motion, Mr. Chair. With regards to recommendation no. 4, I would move that we concur with the recommendation.

[10:30]

**The Chair:** — All agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — Moved by Mr. Hart, this committee concurs with recommendation no. 4.

**Mr. Hart:** — Further to recommendation no. 5, Mr. Chair, I would move that we concur and note progress.

**The Chair:** — All agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — So moved that this committee concur and note progress with recommendation no. 5.

**Mr. Hart:** — Mr. Chair, with regards to recommendation no. 6, I would make a similar motion that we concur and note progress.

**The Chair:** — All in favour? All agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — It's agreed that this committee concur with recommendation no. 6 and note progress.

**Mr. Hart:** — And, Mr. Chair, with regards to recommendation no. 7, I would move that this committee concurs with the recommendation.

**The Chair:** — All agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — It's agreed that this committee with recommendation no. 7.

**Ms. Atkinson:** — And then I humbly suggest that periodic reports, written reports be given to the board in order to assist them in being accountable and responsible . . . [inaudible interjection] . . . Yes, but I think this is one you could start.

**The Chair:** — Now there was one other matter that was raised, and I just want to clarify that Mr. D'Autremont moved that a special report be provided back to this committee by way of the Clerk to all committee members for September 30th, 2011. Looking to officials, is this something that we can count on?

**Mr. Fisher:** — Yes.

**The Chair:** — Thank you. At this point in time, without further questions from committee members, I would like to thank officials for coming before us here today. Mr. D'Autremont.

**Mr. D'Autremont:** — As a motion, I think we should vote on that.

**The Chair:** — So it's moved by Mr. D'Autremont that we have an update from the Ministry of Health and specifically Kelsey Trail. And we'll get that in writing here. Your best handwriting, Mr. D'Autremont.

Thank you, Mr. D'Autremont. So it's moved by Mr. D'Autremont:

That Kelsey Trail Health Region Authority and the Ministry of Health report to PAC on September 30th, 2011 the progress achieved on the auditor's recommendations in the 2010 report volume 2, chapter 11C.

All agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — So moved. So carried. At this point in time, without further discussion on this matter, I'd like to thank officials for coming before us here today. We'll take a very brief recess and move along with chapter 11A, Health.

[The committee recessed for a period of time.]

**The Chair:** — We will reconvene at this point in time. Because we don't have any graphics on the video transfer here today, I'll just remind viewers that this is the Standing Committee on Public Accounts.

And just by way of introduction, I would like to introduce four very special guests within the committee room here today, and those would be participants of the SLIP program, the Saskatchewan legislative internship program. These four individuals have come to us from all across Saskatchewan. I'll introduce each one of them.

But just to give a brief introduction of that program, it's a seven-month practical experience with government and parliament. We welcome you to the Standing Committee on Public Accounts. Our focus here today and the focus of this committee is all about an after-the-fact audit of government spending and of government programs, and it relates specifically to the efficiency and economy of government programs. And today we have before us the Ministry of Health.

And we're pleased to have you here today. We have Ms. Nicole Hamm from Rosthern, Mr. Lance Hammell from Oxbow, Ms. Shaheen Lotun from Weyburn, and Mr. Bennet Misskey from Regina. So thank you for joining us here today.

[10:45]

We have officials from the Ministry of Health before us. Mr. Fisher, thank you for joining us again. I see we'll focus now on chapter A, Health, from the Provincial Auditor's report volume 2, 2010 report. And I'll turn it over to the Provincial Auditor's office to make their presentation.

**Mr. Ahmad:** — Thank you, Mr. Chair. Chapter 11A begins on page 133. This chapter reports the results of our audit of the

ministry and its agencies for the year ended March 31, 2010. The chapter also reports the results of our follow-up work relating to assess the ministry's progress to address our past recommendations. In this chapter we make three new recommendations and repeat some of our past recommendations.

Our first new recommendation on page 140 asks the ministry to follow its established accounting processes to prepare periodic and annual financial information. Although the ministry has established adequate processes to prepare financial information, its staff did not always follow those processes. Non-compliance with established processes could result in incorrect financial information that could lead to incorrect financial decisions.

Our second and third recommendations relate to reporting of losses of public money and property over \$500. Under the financial administration manual, the Ministry of Finance collects the information from all government ministries and certain public agencies about losses of public money over \$500. The Ministry of Finance then provides the information to your committee.

The Crown Investments Corporation also collects similar information from its subsidiary corporations and makes a report to the Crown and Central Agencies Committee. FAM — that's the financial administration manual — does not apply to the regional health authorities and the Cancer Agency, and the Ministry of Health does not collect similar information from these agencies for regular reporting to your committee. We think it should. Our two recommendations on page 141 ask the ministry to collect similar information from RHAs and the cancer agencies and make a quarterly report to your committee.

On page 142 and 143, we repeat our recommendation from past reports relating to monitoring performance, controlling capital assets, business continuity, and human resource planning. The ministry continues to work to address those recommendations.

We also advise that the Saskatchewan Association of Health Organizations, on behalf of the ministry and the RHAs, have signed a memorandum of agreement forgiving past salary overpayments totalling about \$4 million. These overpayments resulted from reconsideration of joint job evaluations back in 2005.

On page 144, we continue to report that the Cancer Agency needs to establish and implement complete policies for safeguarding information technology assets. Management told us that the agency plans to complete this project by May 2011. On page 145, we report that the agency has fully implemented our past recommendations leading to security of its information technology systems and data.

Pages 146 to 153 report the result of our follow-up work to assess the progress of the ministry to address our past recommendations. Those recommendations, as I said earlier, relate to resource allocation, reducing workplace injuries, health sector human resource planning, the prescription drug plan, governance and management processes for Métis Addictions Council, and security of IT health information solutions centre of the ministry. The ministry has made good progress toward addressing those recommendations, and plans to address most

of the outstanding work in 2011.

On page 154, it informs you about our plan to follow-up on one of your committee's outstanding recommendation. And that concludes my overview. Thank you.

**The Chair:** — Let's turn it over to the Ministry of Health and Mr. Fisher for a response.

**Mr. Fisher:** — We have really no opening comments so we would just entertain your questions.

**The Chair:** — Okay. Committee members, looking at recommendation no. 1, it's cited that processes are established and in place. The question is whether or not they're being followed. Is that now the case? Is it fair for us to say that that's complied in recommendation no. 1?

**Mr. Fisher:** — Processes are in place and we have ensured that staff are following and will be following those processes.

**The Chair:** — So full compliance is in place.

**Mr. Fisher:** — Yes.

**The Chair:** — Thank you. Ms. Atkinson.

**Ms. Atkinson:** — I guess, is it possible for the ministry to respond to each of the recommendations and each of the observations so we know where the ministry's at? Is that possible?

**Mr. Fisher:** — It's certainly possible.

**Ms. Atkinson:** — Can you do it? Thank you.

**Mr. Warawa:** — If we can take them in tranches. We have some other officials here. So if it's okay, we'll deal with the financial ones. When it's time to deal with the HR [human resources] questions, we'll change chairs, if that's all right.

**Ms. Atkinson:** — Perfect.

**The Chair:** — Just to clarify, I believe Ms. Atkinson would be referring to the new recommendations that are highlighted here specifically, and I believe there's three of them.

**Mr. Fisher:** — Already responded to the first one, I think. We believe we're in compliance. We've ensured that our staff will follow the appropriate policies that are set out.

The second recommendation regarding reporting of losses, the Provincial Auditor notes that in terms of the financial administration manual, there's no requirement at this point for regional health authorities to report, but we are in the process. We agree that regional health authorities spend a lot of public funds and so we will be putting a process in place to ensure that regional health authorities follow basically the current practice. But we will be putting a formal policy in place, asking them to report to the Ministry of Health when they identify any loss of public funds.

**The Chair:** — And the second aspect of that one was the

quarterly reporting back to the Standing Committee on Public Accounts. Is that something that Health is going to be able to fully comply in, and what sort of a timeline are we looking at?

**Mr. Fisher:** — Well again, we're drafting . . . We would intend to put that policy in place as well. And we will have to have some discussion with regional health authorities, but we expect that we will be doing that early in the '11-12 fiscal year.

Can we do it by April 1st?

**A Member:** — We can do it before year-end. Yes.

**Mr. Fisher:** — We will make a commitment to endeavour to have that process in place for fourth quarter of '10-11 and then pick up in the full fiscal year next year.

**The Chair:** — I'd seek maybe a motion for a couple of the recommendations anyways that have spoken to specifically. Mr. Hart.

**Mr. Hart:** — Mr. Chair, I would move that with regards to recommendation no. 1, that the committee concurs with the recommendation and notes compliance.

**The Chair:** — All agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — It's agreed by this committee that we concur with recommendation no. 1 and note compliance. Mr. Hart.

**Mr. Hart:** — Mr. Chair, with regard to recommendation no. 2, that the committee concurs with the recommendation and notes progress.

**The Chair:** — All agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — It's agreed that this committee concur with recommendation no. 2 and note progress. Mr. Hart.

**Mr. Hart:** — Mr. Chair, with regards to recommendation no. 3, I would move that the committee concurs with the recommendation and notes progress.

**The Chair:** — All agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — It's agreed that this committee concur with recommendation no. 3 and note progress. Further questions from committee. There are some outstanding recommendations as well. Ms. Atkinson.

**Ms. Atkinson:** — I'm particularly interested in capital assets, human resource planning, and the Cancer Agency. So if we could just have some quick updates in terms of where things are at regarding the Provincial Auditor's previous recommendations, I'd appreciate that.

**Mr. Fisher:** — [Inaudible] . . . piece, we are not in full

compliance with the Provincial Auditor's recommendation to date, but we have made progress. The initial phase of our capital plan development focused on the creation and collection of baseline information on the physical condition of the facilities. We refer to that as the study, the VFA study, that was done that gives us a good baseline of the status of all the facilities across the province.

The second phase that we're currently engaged in is working with regional health authorities and the Cancer Agency on the evaluation and redevelopment of our current capital planning process so that we have a more, how should I put this, a more nimble process of capital planning to allow us to identify future needs. And then the final piece which is again work that remains to be done, is putting that all together in a long-term capital plan.

**Ms. Atkinson:** — And human resource planning. I note in the newspaper today that it has been a problem for a long time that the boomers are going to retire and then the chamber hopes that they come back to work. So I guess I'm interested in how we're doing in terms of human resource planning for the health system.

**Mr. Fisher:** — Well as you're probably aware, we're in the process of developing a 10-year health human resource plan. That has been a priority for the ministry and the health system, and we expect to have that plan done by the end of this fiscal year. So there has been good progress on moving that work forward and we're looking forward to having that done.

**Ms. Atkinson:** — Can I ask, Mr. Chairman, when that should be ready for the public, the human resource, the 10-year human resource plan?

**Mr. Fisher:** — The intent is to have it not only finished, but ready for public release, by the end of the year.

**Ms. Atkinson:** — Thank you. And Cancer Agency.

**Mr. Warawa:** — They do expect to be fully in compliance with the recommendation. The processes are in place that they've established, so I would suspect by this year, when the auditor comes and looks again, they'll be noting compliance with the SCA's [Saskatchewan Cancer Agency] security policies.

**Mr. Fisher:** — And they're scheduled to finish up those recommendations that the Provincial Auditor's made by May 31st, I understand. And they have been making progress reports to their board on a quarterly basis, so work is ongoing and they've scheduled for completion in May.

**The Chair:** — Are there any further questions on this chapter?

**Ms. Atkinson:** — Just an observation. I think it was really helpful that the Provincial Auditor broke out the government spending on health on page 137. And what is interesting I think from a public policy point of view is that central support services have risen fairly dramatically, and I'd be curious to know why that might be. But relative to other areas, that's interesting.

And then community care services, not so much. But acute services has doubled in a 10-year period in terms of the amount of money, public money, that we spend. And community care, which I suspect is on the prevention side — I'm not sure if that's where prevention is — you can really see where the pressures are in terms of the health budget. But I found that interesting, Mr. Chair, and I thank the auditor for doing that for us.

**The Chair:** — Mr. D'Autremont.

**Mr. D'Autremont:** — Well in looking at those things like central support services and increase and comparing it to the actual delivery of health care, I think we saw an example today in the Kelsey Trail region where they had to hire two new people to meet the process for recording and accountability. And yet those two new people deliver no health care service.

[11:00]

So we demand accountability. We demand tracking. We demand all of those things to ensure that the public dollar is spent appropriately, but they don't deliver health care. And so I think when you look at that, you can see that the new requirements for reporting, for accountability costs money, and this exemplifies it.

**Ms. Atkinson:** — And it also may be because of health restructuring. I don't know. Like we don't know why, and it would be interesting to know why the significant increase.

But the member is right. Every time the Provincial Auditor makes a recommendation and we try and implement that recommendation, sometimes it means additional staff in order to do the work. But it's just an observation. I'm not being critical at all, but it would be interesting to know why central support services has seen a dramatic rise and then others not so much.

**The Chair:** — If there aren't any further comments or questions, we'd like to thank officials for coming before us for consideration of chapter 11A, Health. And we'll take a very brief recess. Time to refill your water glasses and reconvene with chapter 11B, regional health authorities.

[The committee recessed for a period of time.]

**The Chair:** — At this point in time we'll reconvene the Standing Committee on Public Accounts. Before us for primary consideration is chapter 11B, regional health authorities. I thank Health officials for joining us once again here this morning as well. And I will turn it over to our Provincial Auditor's office to make their presentation.

**Mr. Ahmad:** — Thank you, Mr. Chair. Chapter 11B begins on page 155 of our report. In this chapter we report the result of our annual audit of 12 regional health authorities for the year ending March 31, 2010. We audited Regina Qu'Appelle RHA directly and worked with the appointed auditors of the remaining 11 RHAs to complete our work. We listed the RHAs and their appointed auditors on page 159.

The chapter also reports the result of our follow-up work to

assess two RHAs' progress toward our past recommendation. On page 161 we continue to recommend that Mamawetan Churchill River and Prairie North RHAs follow their established processes to control bank accounts when making payments to employees and vendors. Employees of these RHAs did not always follow established processes to approve purchase orders and employees' time sheets before processing payment. Lack of such approval increases the risk of incorrect payments.

On page 163 we continue to recommend that Heartland, Mamawetan Churchill River, Regina Qu'Appelle, Saskatoon, and Sun Country establish IT policies and procedures based on threat and risk analysis. For example some of the RHAs have not established processes to allow and remove user access to IT systems and data. Lack of adequate IT processes increases the risk of unauthorized disclosure of confidential information and/or loss of vital information.

On page 164 we continue to recommend that all RHAs establish adequate disaster recovery plans and regularly test those, their effectiveness. On pages 163 and 164, we provide the status of each RHA's disaster recovery plan. All RHAs continue to work towards establishing such plans.

On page 164 we continue to recommend the Cypress Regional Health Authority establish complete financial information, policies, and procedures. The RHA needs to establish policies and procedures for delegation of authority, investments, and contract management.

On page 165 we continue to recommend that Regina Qu'Appelle implement an internal audit function. In 2005 Regina Qu'Appelle board determined their RHA needs an internal audit function. We also continue to recommend that Prairie North assess the need for an internal audit function. Prairie North continues to gather information to assess its needs for an internal audit function.

On page 166 we continue to recommend that Keewatin Yatthé and Prairie North authorities periodically count their assets and agree their capital asset records to their accounting records. Prairie North has implemented a new system but has not counted its assets. Keewatin Yatthé, however, has made no progress to address this recommendation.

On pages 167 and 168 we make three new recommendations. Our first recommendation requires Mamawetan Churchill River to approve all journal entries before adjusting its accounting records. We noted not all journal entries that we examined had evidence of managerial review. Lack of such approval increases the risk of fraud and error without timely detection.

Our second recommendation requires the Sun Country to follow its policies and procedures for hiring management personnel. In 2009 we looked at the adequacy of hiring policies and procedures at three RHAs, including Sun Country, and assessed how well they followed those policies when hiring management personnel. We found all three RHAs had adequate policies requiring officials to review candidates' resumé and credentials, perform reference checks and criminal record checks before hiring. The other two RHAs followed their policies for hiring management personnel. Sun Country,

however, did not always document results of interviews, reference checks, or criminal record checks, nor did they document the reason for hiring a candidate who did not meet the described qualification. Lack of compliance with hiring policies could result in inappropriate hiring practices and decisions.

Our third recommendation on page 168 requires Sun Country to establish policies and procedures for relocation incentives for new hires. Lack of clear policies could result in loss of public money. In 2008 the authority hired a senior employee and agreed to pay the location allowance of \$15,000 based on original receipt to support the expenses. The employee used the Sun Country purchase card to pay for all location expenses and continued to do so for nearly two years after commencing employment. In March 2010 the employee had charged about \$25,000 for relocation expenses. The employee has repaid about \$10,000 for the excess of agreed upon expenses.

On page 169 we report that Saskatoon RHA has fully addressed our past recommendations to improve its human resource plans. Regina Qu'Appelle has made good improvements but needs to do more work to fully address our past recommendations.

On page 170 we report the instance of loss of public money at the RHAs. Sun Country could also lose over \$15,000 because an employee misused his purchase card.

On pages 171 to 174 we report that Cypress RHA has made good progress to address our recommendation to better secure its site, its system, and data. It has implemented two of our recommendations and partially addressed the five remaining. However it has not completed and tested its disaster recovery plan.

On page 175 to 176 we report that the Five Hills Regional Health Authority has fully addressed our past recommendations to improve processes to achieve planned results.

On pages 177 and 178 we informed you about our plans to follow up your committee's past recommendations that are outstanding and are not discussed in this chapter. That concludes my overview. Thank you.

**The Chair:** — I would turn it over to the Ministry of Health and, Mr. Fisher, if you or your officials could maybe speak specifically to the three new recommendations that have been made and specifically what actions or plans your ministry has in responding to them.

**Mr. Fisher:** — With regard to recommendation no. 1, we've been advised by Mamawetan Churchill River Regional Health Authority that they are now approving all journal entries. They believe they're in full compliance with the auditor's recommendation.

In terms of recommendation no. 2 that Sun Country Regional Health Authority follow its policies and procedures when hiring management personnel, Sun Country has reviewed all of its policies and procedures and is taking appropriate measures to ensure that these are followed when hiring all senior management personnel.

As you're probably aware, the chief executive officer of the region was terminated without cause by the regional health authority board, and I believe the recommendations or the findings by the Provincial Auditor in this regard were primarily around the hiring practices utilized by the former CEO.

And then in terms of recommendation no. 3 that Sun Country Regional Health Authority establish policies and procedures for relocation incentives for new hires, the region agrees with this recommendation, and they're in the process of developing policies and procedures for relocation incentives for new hires . . . [inaudible interjection] . . . Okay. They've completed them, I'm advised, and they are now in place. I just want to reiterate, as the Provincial Auditor had pointed out, that in this instance there was no loss of public funds.

**The Chair:** — Just on the final statement there about the no loss of public funds, I'm interested then just . . . So have the dollars been repaid by the senior employee in question?

**Mr. Fisher:** — Yes, they have.

**The Chair:** — And so Sun Country would've paid, did they pay the maximum of the 15,000 that they agreed to by way of contract?

**Mr. Fisher:** — They agreed that the relocation allowance for this particular employee was \$15,000. The issue was that through use of a credit card issued by the regional health authority, that employee had piled up charges of approximately \$25,000. When that was identified, the employee repaid the region the \$10,000 over and above the agreed-to amount.

**The Chair:** — Is it fair to identify the position of that employee?

**Mr. Fisher:** — The VP of Finance.

**The Chair:** — Ms. Atkinson.

**Ms. Atkinson:** — Now on page 170, Sun Country, there's also a reference to an employee who got relocation expenses and other benefits and then he went into bankruptcy or she went into bankruptcy. Is this the same person or is this a different one?

**Mr. Fisher:** — That's a different case.

**Ms. Atkinson:** — Oh. Have they hired a new CEO yet?

**Mr. Fisher:** — Yes they have. I believe they have appointed Ms. Pam Hauptstein to the position of vice-president, finance and admin.

**A Member:** — That's not the CEO. You asked for the CEO.

**Mr. Fisher:** — Oh, I'm sorry.

**Ms. Atkinson:** — Yes. Has there been an appointment of the CEO? Because I had gathered the CEO was terminated.

**Mr. Fisher:** — Yes. Margaret Cugnet is the CEO. And I'm not sure if she's acting or . . . She's an acting CEO.

[11:15]

**Ms. Atkinson:** — Okay. And was there any change to the board or is the board still in place?

**Mr. Fisher:** — The board is intact.

**Ms. Atkinson:** — Okay, thank you.

**The Chair:** — Mr. D'Autremont.

**Mr. D'Autremont:** — On recommendation no. 2, does the board get to approve the hirings of senior management?

**Mr. Fisher:** — Generally that my understanding of the process would be that the board is responsible for hiring the CEO and would be directly involved, either the entire board or through a selection committee. The CEO then has the responsibility for hiring the senior management team. Generally speaking, the CEO would advise the board, but they wouldn't necessarily be involved, or regularly or routinely be involved, to sit on a hiring committee for the vice-president or other senior leaders within the regional health authority structure.

**Mr. D'Autremont:** — So the board members would not be aware then of all of the information that the CEO should have, such as the auditor has noted — the candidates' resumés, credentials, performance of reference check, criminal records checks, and all of those kind of things. The board would only be aware of that if the CEO made the determination to pass that information on to them, but there would be no requirement for him or her to do so.

**Mr. Fisher:** — Well the board would be aware of the policies that are in place in the organization that, you know, and I'll use a basic example that when you hire an employee, senior or otherwise, you do an interview. You document the findings of that interview and follow up the interview with reference checks and then again document the findings of those reference checks. So there would be an expectation at the board level that anyone in the organization who had authority to hire someone would be following those basic policies.

But, no, generally speaking, the board would not get a formal report that so-and-so was interviewed, you know, these three candidates were interviewed and here's what their qualifications were and here's what the regional health authority hiring staff's reaction to each of those interviews was. No.

**Mr. D'Autremont:** — So the CEO would report to the board, we've carried out the proper hiring practices and candidate Y was the one selected.

**Mr. Fisher:** — They would report to the board that that was the one selected. You know, I can't say whether they would routinely say formally to the board or in writing to the board that we've followed all of our policies. They would simply say, we've hired a good candidate for this position and advise the board of that.

**Mr. D'Autremont:** — So the board would have no formal mechanism of accountability, of holding the CEO accountable for following the proper practices or not following the proper

practices. They would not be aware of that at the time of the hire.

**Mr. Warawa:** — Previously there was no protocol. Those sort of processes and the checks and balances would be among the senior leadership team usually. Your VP of HR would ensure that certain measures were done and documented. In this case it wasn't done. There wasn't a more open process of hiring.

They've set a protocol in Sun Country that should one of the other VPs or somebody else have an issue with the process as it was being perceived, they can approach the board. So you know, the safeguard that's been put in place now is that there's an opportunity for others to weigh in at the board. But usually the board, unless there is something exceptional going on, wouldn't be involved in the detail.

**Mr. D'Autremont:** — Personally I think they should be, but that's my personal feelings. And the same would be in place then on recommendation no. 3, that the board would not be in a position of carrying on approvals for relocation incentives for new hires. That would be done within the administration.

**Mr. Fisher:** — Right.

**Mr. D'Autremont:** — And so they simply have to rely on the report from the CEO and the administration that proper practices are carried out. They have no accountability procedures in place.

**Mr. Fisher:** — Well the accountability procedures would be within the terms of employment of the CEO, which is why, when a board enters into a CEO competition to find a CEO, it's so important for the organization. So the board, in doing their due diligence during that process, delegates a great deal of authority to the person that they have selected as the CEO. And one of those things that they delegate is to hire staff.

And again, the policies that are in place in a particular region for the HR policies that Ted's referred to that a CEO would be expected to follow or the HR policies around what sort of relocation allowance, they are written policies that the expectation of the board would be that they should be followed and that they are followed. And if they're not, the accountability for the CEO is that he or she would lose their job if they're not followed. And that's exactly what happened in this case.

**Mr. D'Autremont:** — Without cause, though.

**The Chair:** — Ms. Atkinson.

**Ms. Atkinson:** — This is along the same lines as Mr. D'Autremont in terms of governance. Is there a practice in terms of appointments to regional health authorities that you look for people to sit on the board that have certain skill sets? This is along the lines of the Conference Board of Canada's governance recommendations. I'm wondering if that's in place, still in place, where you look for certain skill sets to sit on the board.

And the second thing that I'm curious about, does the board have an HR committee, a finance committee, in terms of those



kinds of structures? I'm just curious.

**Mr. Fisher:** — In terms of the board composition, your first question . . .

**Ms. Atkinson:** — It's just a global question. Do we look for people with certain skill sets to sit on each of these boards? Accountants, you know, maybe a lawyer — that kind of thing.

**Mr. Fisher:** — Well first off, there's a public call for interest. So the initial step is to identify community members who are interested in participating on a regional health authority board. But then there are a number of things that are taken into account when recommendations are made for the appointments. Certainly one thing is the skills that people bring to the table. And certainly the goal is to try to find a nice mix of legal skills, accounting skills, you know, whatever professional skills that can aid the board in their deliberations. But in addition, there's a number of other things that are looked at as well, sort of geographic representation of the region, gender balance on the board. So yes, there are considerations at play when recommendations are made to put forward for board members.

**Ms. Atkinson:** — I'm interested, the committee structure. Are there committee structures at the board level?

**Mr. Fisher:** — I don't believe that there is a standard committee structure across all boards, but yes, boards would, I believe, all regional health authority boards would have some standard committees — an HR committee, a finance committee, probably an audit committee. So yes, they do not attempt to do all of the functions at the board, for example quality, at the large board table. There are subcommittees that would do specific tasks and then report back to the board.

**Ms. Atkinson:** — And one final question. Is there still board training that the region's involved with like the Chair's committee, the CEO committee, and then board training to try and assist boards in governance?

**Mr. Fisher:** — Yes, there's general board training for all board members where they would be acquainted with, you know, the very basics of what a board member is responsible to do for those individuals who have not sat on a board before. And in addition, there are some other opportunities for training. For example, the Canadian Patient Safety Institute has developed what I believe to be a very good package for boards on what their responsibilities are around quality and safety issues within their regions.

**Ms. Atkinson:** — Thank you, Chair.

**The Chair:** — I would entertain some motions as it relates to these recommendations or further questions or comments. Mr. Hart.

**Mr. Hart:** — Mr. Chair, I'd move that with regards to recommendation no. 1 that the committee concurs with the recommendation and notes compliance.

**The Chair:** — All agreed.

**Some Hon. Members:** — Agreed.

**The Chair:** — It's agreed that this committee concur with recommendation no. 1 and note compliance. Mr. Hart.

**Mr. Hart:** — I would move with regards to recommendation no. 2 that the committee concurs with the recommendation and notes progress.

**The Chair:** — All agreed.

**Some Hon. Members:** — Agreed.

**The Chair:** — It's agreed that this committee concur with recommendation no. 2 and note progress. And maybe would we look for a motion of a similar nature for the third recommendation?

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

**The Chair:** — All agreed.

**Some Hon. Members:** — Agreed.

**The Chair:** — Agreed. So it's agreed that this committee concur with recommendation no. 3 and note progress.

Now are there any further questions, discussion as it relates to some of the other outstanding pieces in this chapter? At this point in time . . . Oh, Ms. Atkinson.

**Ms. Atkinson:** — I still have one, I guess, final question, and I'll ask this on behalf of my colleague, the Health critic. Can I ask why it took so long to deal with this situation in Sun Country with the person that had difficulty? Like it seemed to take some time, and I'm just wondering, was there a reason for that? Or can you answer that question? Maybe you can't.

**Mr. Fisher:** — All I can say is that the board put a process in play. They did do, they had the Hay Group do an evaluation of hiring practices within the region, and then it's my understanding that relatively quickly after the submission of that report they did act.

**Ms. Atkinson:** — Thank you.

**The Chair:** — Without further comments or questions for chapter B, Regional Health Authorities, we're going to . . . Are we comfortable just moving along? Do we have officials with us here right now that are the appropriate officials for chapter D?

**Mr. Fisher:** — Well actually we had invited some officials from . . . Oh yes, I'm sorry. We're good to go on 11D. It was the one we had scheduled for after lunch that I was going to raise.

**The Chair:** — Thank you, Mr. Fisher. We will now move along with chapter 11D, Information technology security. And at this point in time, I would invite a presentation by the Provincial Auditor's office.

**Mr. Ahmad:** — Thank you, Mr. Chair. Chapter 11D begins on page 187 of our report. The chapter reports that the Saskatoon

Regional Health Authority did not have adequate processes to protect its information technology infrastructure for the period from February 1st to July 31st, 2010.

Saskatoon provides health services to over 300,000 people at an annual operating cost of about 900 million. It also provides specialized services to the rest of Saskatchewan. To support the delivery of health care services like lab results, medical imaging, and patient registration, Saskatoon uses an IT system. It also stores confidential patient data in its systems. Therefore maintaining the security of its IT infrastructure is very important to ensure availability of accurate and timely information and protection of confidential data.

We concluded that Saskatoon did not have adequate processes to protect its IT infrastructure for the period from February 1st to July 31st, 2010. On pages 190 and 191, we make six recommendations to strength Saskatoon's processes.

Our first recommendation requires Saskatoon to implement adequate IT policies. To implement policies, Saskatoon needs first to establish policies and procedures. Saskatoon did not have complete, documented policies and procedures for the protection of its IT equipment. Lack of adequate policies increased the risk of damage, loss, or inappropriate use of systems and data.

Our second recommendation requires Saskatoon to adequately restrict access to IT equipment, systems, and data. Some individuals who were no longer employees of Saskatoon continued to have access to systems and data, and some accounts used to access the network did not have passwords set to expire. Although Saskatoon has documented policies for granting and removing access, staff did not always follow those policies.

[11:30]

Our third recommendation requires Saskatoon to configure and update its computer and network equipment to protect them from security threats. Saskatoon did not have complete and documented policies for the configuration of its computers. Some of its equipment did not adequately restrict access and Saskatoon did not update its IT equipment on a timely basis. Without appropriate security, unauthorized individuals may obtain access to systems and data.

Our fourth recommendation requires Saskatoon to prepare and test its IT disaster recovery plan. Saskatoon has established processes to back up its data and has identified its critical system and some recovery time requirements. However it did not have a complete disaster recovery plan. Lack of a complete disaster recovery plan increases the risk that the system and data may not be available when needed.

Our fifth recommendation requires Saskatoon to monitor the security of its IT infrastructure. Saskatoon did not have policies for monitoring or responding to IT security threats. It did not monitor potential security alerts and did not have a process capable of detecting inappropriate activity on its network. Lack of such monitoring increases the risk that Saskatoon may not be aware of unauthorized attempts to access its systems and data.

Our sixth recommendation requires Saskatoon to provide timely reports to the board and senior management on the state of its IT infrastructure. Saskatoon has a committee to oversee IT strategy and infrastructure. This committee includes members from senior management. The committee did not meet regularly during the audit period. Without regular meetings, the committee may not be able to assess and report on the adequacy of Saskatoon's infrastructure. The board also needs to receive and review periodic reports from the committee to monitor the adequacy of Saskatoon's infrastructure.

And that concludes my overview. Thank you.

**The Chair:** — I'd like to turn it over to the Ministry of Health, and specifically if the response could include what actions, which plans, and how the authority is doing as it relates to compliance with those six new recommendations.

**Mr. Fisher:** — Okay. With regards to recommendation no. 1, the implementation of information technology policies, the Saskatoon Health Region has done a risk assessment, completed a risk assessment, which identified the region's highest areas of vulnerability. And they used that to prioritize their policy development work. They've created an information management committee whose mandate it is to develop those policies, practices, and standards. And that committee is focusing its work at this point specifically on IT security.

In terms of recommendation no. 2, which is restricting access to information technology equipment, systems, and data, Saskatoon has made significant upgrades to its server rooms over the last two years. They're currently recruiting a security officer to take a leadership role in addressing and resolving outstanding issues identified regarding IT security. They have an improved notification process under development which will automate the management of user account changes resulting from staff transfers and terminations. And in June 2010, the region conducted a thorough review of all its user accounts and deactivated all inactive accounts, and monthly scans are now being conducted.

For recommendation no. 3, which is regarding configuration and updating computers and network equipment to protect from security threats, I'll provide some general information, and I may ask Brenda Jameson to provide some more detail here. But I'm advised that keeping current with patches and upgrades is a challenge for the region. The business units within our regional health authority, as you can appreciate, have little tolerance for planned downtime, as most of the business units are 24-7 operations.

There are many clinical applications that will not work with newer versions of operating systems, so a systematic validation process to ensure that any patches applied do not break existing applications was put in place by the region. The function is based on a three-month cycle. Month 1 sees patches applied to the IT department devices. And if no critical issues are identified, month 2, the patches are applied to key business units in a test environment. Once all identified issues are resolved in that test environment, month 3 sees the patch rolled out to the full organization. Then the next cycle begins with the infrastructure department continuously trying to strike the right balance between the risks of not being fully up to date versus

the risk of impacting daily operations.

**Ms. Jameson:** — It's really a matter of them trying to stay current when they don't have a copy of their production environment so that they can failover, do their upgrades and then failover and do the upgrades on the other side. So it's the balance that they're trying to do when they don't have that dual environment.

**Mr. Fisher:** — And recommendation no. 4 regarding testing and a technology disaster recovery plan. The region has completed documentation of application criticality and downtime procedures for the 26 mission-critical, patient-affecting applications in the region. They're in the process of documenting and planning downtime testing. In 2010 similar documentation has been completed for IT infrastructure services, and the IT department is in the process of completing a detailed data centre assessment and disaster recovery plan for each of its data centres and other IT infrastructure components. This plan will be approved, hopefully, in January 2011. That is the target date.

For the next recommendation, to monitor security of information technology infrastructure, policies are being developed to restrict remote access. The challenge for the organization is to find the right balance between security and operations, as I mentioned before.

Saskatoon faces the additional challenges of meeting the needs of clinicians to be able to access clinical systems remotely in order to provide safe and timely care to their patients. There are automated solutions available and with a relatively small investment, the region can make significant progress towards resolution of the issues that the Provincial Auditor has resolved. So I guess in summary they believe that there is a path forward and they're on that path and are working towards it.

And then in terms of the recommendation regarding reports to the board, which I believe is the final recommendation, two years ago the region established an IT council, and its supporting committees were launched with the mandate to provide strategic guidance and oversight for all IT investments within the region. The leadership provides regular updates to the audit and finance subcommittees of the authority regarding progress on audit recommendations from the provincial and their own auditor. And during 2010 their council members have worked in conjunction with senior leadership to prioritize information technology infrastructure and requirements. So I believe they're well along in full compliance of that one in terms of reporting progress to the board.

**The Chair:** — Just to clarify on recommendation no. 4 with the technology disaster recovery plan, I believe it was stated that January 2011 this was expected to be operational. Could the ministry let us know whether or not it's operational at this point in time?

**Ms. Jameson:** — The e-health council meeting is scheduled to meet on January 24th, and so all of these IT policies and disaster recovery plans will be presented then.

**The Chair:** — Ms. Atkinson.

**Ms. Atkinson:** — One of the issues identified by the auditor — and maybe you referred to this but I didn't catch it — was that there are some people who are no longer employed by the region but they still technically could have access to the systems and data. And I'm wondering if . . . And there was also a reference that there are accounts used to access the network that don't have passwords that are set to expire. And I'm wondering if that's been remedied.

**Ms. Jameson:** — It's my understanding that the health region is working on policies for their HR department to notify their IT department when there's a transfer, an employee leaving, and that that was what the gap was. The IT department didn't know the employee wasn't there any more, so they didn't know to disable the account.

Those processes are in place. And they are also taking a look at . . . The accounts that don't set to expire are typically used by the IT department for administrative purposes, and that they are looking at resolving those as well.

**Ms. Atkinson:** — Okay, so it's they're looking at it. But we're not at the point where we can say this is fixed, this issue identified by the auditor is fixed.

**Ms. Jameson:** — They're waiting for their policy documents that go to the e-health council at the end of this month to be approved. And it's those policies that say, we will automatically . . . For example, we will automatically disable an account if it hasn't been accessed in six months. So they're doing the work, but the policies themselves that they've now put in place haven't been formally endorsed yet or approved yet.

**Ms. Atkinson:** — Okay. Thank you.

**The Chair:** — Mr. D'Autremont.

**Mr. D'Autremont:** — Thank you. On your last comment, if they haven't been accessed for six months, I'd be cutting them off a lot sooner than that. Because obviously that person isn't working if they're not accessing their account in six months.

My question is related to the, also the disaster recovery and the failovers. Does Health have a complete set of duplicate servers for a failover, or is it only a partial set?

**Ms. Jameson:** — Well for the Ministry of Health, we only have a partial set, and it's mostly the mission-critical applications that support patient care. Saskatoon Health Region runs their own internal IT shop and provides their own clinical applications. And I can't speak to what percentage they have that is duplicated.

**Mr. D'Autremont:** — So in all likelihood it also is just their critical systems.

**Ms. Jameson:** — I would think it would be most likely their clinical systems, yes.

**Mr. D'Autremont:** — Another question along that line. Saskatoon Health is looking to upgrade their systems to ensure security, etc. Are they looking at the commonality of the systems across the province, or is Saskatoon operating a one-off

system as I know some of the districts do or the authorities do?

**Ms. Jameson:** — We actually have a security and privacy subcommittee. It's chaired by the health information solutions centre within the Ministry of Health and has representation from every regional health authority. And so that committee actually develops privacy and security templates and provides them back to the regions to use. So they're not identical from region to region, but there is consistency.

We also just recently negotiated a province-wide Microsoft licensing agreement that now enables the health regions to take advantage of some of the security functions within that product set that they couldn't afford to purchase on their own. That Microsoft back-end deal is, that licence is held by the health information solutions centre.

**Mr. D'Autremont:** — Thank you.

**The Chair:** — In time we may entertain a motion as it relates to concurrence and progress.

**Mr. Hart:** — Yes, Mr. Chair. I would move that, with regards to recommendations 1 to 6 on 11D of this report, that the committee concurs with the auditor's recommendation and notes progress on all six recommendations.

**The Chair:** — So Mr. Hart has moved that for recommendations 1 through 6 inclusive, 1, 2, 3, 4, 5, 6, that we concur and that we note progress. All agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — It's so agreed that this committee concur and note progress for recommendations 1 through 6 for chapter 11D, information technology security. Without any further questions or comments for officials before us here at this point in time, I'd like to thank Health officials for their time here this morning and the information that they've provided. We'll take a recess and reconvene considerations with the Sunrise Health Authority at 1 p.m.

[The committee recessed for a period of time.]

[13:00]

### Sunrise Regional Health Authority

**The Chair:** — Well welcome back, committee members. We'll reconvene at this point in time the Standing Committee on Public Accounts. And specifically for our consideration at this point in time, we'll turn our attention to the 2010 volume 1 *Report of the Provincial Auditor* and specifically chapter 12, the Sunrise Health Region or Health Authority.

I'd like to welcome officials that are here with us today, both from the Ministry of Health and with Sunrise. Thank you very much. And at this point in time, I'll invite a presentation from the Provincial Auditor's office.

**Mr. Ahmad:** — Thank you, Mr. Chair. Good afternoon and welcome, officials. Chapter 12 begins on page 127 of our 2010 report volume 1. In this chapter we report that Sunrise Regional

Health Authority had adequate processes at March 15, 2010 to schedule required nursing staff in its facilities including managing labour costs relating to overtime, except that it needed the following: it needed better processes to review and approve nursing staff time sheets, to identify causes for overtime costs, and implement strategies to address overtime costs. The authority has about 1,500 nursing staff. We use the criteria described in the exhibit on page 131 to do our work.

We make three recommendations for Sunrise to help improve these processes. Our first recommendation on page 136 asks Sunrise to ensure that its employees follow established policies to review and approve nursing staff time sheets. We make this recommendation because about 30 per cent of the nursing staff time sheets that we examined did not have evidence of proper review and approval. Lack of proper review and approval increases the risk of errors in payroll and non-authorized overtime.

Our second recommendation on page 136 requires Sunrise to identify and regularly report the causes of nursing staff overtime costs. The Sunrise payroll system has the ability to identify and record overtime costs by causes, however senior management did not receive such information. A review of such information would better allow management to determine how best to control overtime costs.

The third recommendation on page 137 asks Sunrise to implement its established strategies for addressing causes of nursing staff overtime costs and provide regular reports to the board. Management told us that Sunrise was targeting to reduce overtime costs by 35 per cent and that the board has approved two strategies to address the issue of absenteeism and overtime. At the time of our audit, management told us that Sunrise was in the process of implementing those strategies. Management also told us that the board had approved two new positions to help implement those strategies. And that concludes my overview. Thank you.

**The Chair:** — Thank you very much. We'll turn it over to the Ministry of Health.

**Mr. Fisher:** — Okay. Just to introduce the officials that are here with me this afternoon, from the ministry we have Ted Warawa, executive director, financial services branch; Lynn Digney Davis, the chief nursing officer; and Garth Herbert who is the director of financial compliance and internal audit. In addition we have three representatives from the Sunrise Regional Health Authority: Suann Laurent who is the interim CEO to my left; and on my right, Christina Denysek who is the vice-president of human resources. And we also have with us Trent Szabo who is the director of payroll and benefits with the region.

**The Chair:** — Thank you. Thank you for that. If you're able to maybe focus some comments specifically on the three recommendations before us and specific plans and actions and progress towards compliance for each of them.

**Mr. Fisher:** — Okay. Well I'll ask Suann to provide those comments.

**Ms. Laurent:** — Thank you for the question, Mr. Chair, and for

the invitation to attend. All of the Provincial Auditor recommendations that we receive in Sunrise we take quite seriously and have implemented plans to address all three recommendations. Specifically I'll go through some detail pertaining to each recommendation.

Regarding recommendation no. 1, we've also taken the auditor's recommendation to a full scope of all of our staff, not to just include nursing, that we're applying the business processes and procedures that we've developed for the nursing to all of our staff in the region. And we have those business processes in place, including new manager orientation whereby we give education to all of our new managers to ensure that that process continues, as well as a verification process that our managers actually are signing payroll.

If there is any instances where it is not signed, there is a double check through payroll where they will send those pay slips back to be verified or pay will not be processed. So that's in relation to that first recommendation.

In regards to the second recommendation, we have done quite a robust reporting process to the board on a quarterly basis on all of our strategic directions, but specifically with regards to the Provincial Auditor's recommendations, including a balanced scorecard which we report now on a quarterly basis to our board that include the provincial targets that we're held accountable to, and as well as sick time.

We are looking further into the causes of overtime. We have an internal process that we've been using, and management has been looking at the causes of overtime. Where we need to move forward is to be reporting that to the board, and that is happening at our February board meeting. And how that will happen is that we will have some analysis for the board to be looking at through . . . our VP of HR is doing a presentation on that.

But internally we are looking at those issues. And one of our things that we need to look at is education for staff for better coding of those causes so that we can pick them up off the payroll in a better way. But from our internal analysis we have found that the sick time relief has been one of our biggest causes of overtime. We have implemented though an attendance management program, and though that has been approved, that plan has been approved by the board and that will continue.

Another issue and cause of overtime is heavy workload throughout our region. And we have identified that as well and looked at guaranteed full-time hours for new positions in our region as well to help address that. Including in some of those plans that were board-approved, there was additional resources added to our budget to be able to address those issues and man those action plans.

We're certainly in support of the provincial direction of looking at IT infrastructure to support HR transactional functions and to help us with analysis. We did also have a recruitment trip to the Philippines in conjunction with the ministry and other health authorities whereby we recruited 61 nurses. And of those nurses, we have 54 that have stayed with Sunrise, which has made a big impact to our overtime. And over the last three years, we continue to move down in our analysis from 2008 to

the current year.

In relation to the recommendation no. 3, we are also moving forward with all of that. We have a workforce strategy in place and we have resources to identify, to work through that, including action plans, attendance management, and evaluation targets on that as well.

And we do again provide regularly progress reports that we've been doing in the last six months to the board where through the balanced scorecard that lines with our strategy that lines up with the ministry's SOD [strategic and operational directions] that we are tracking all of those, which again include the provincial targets that we've been given and indicate where there is a flag. And whenever there is a flag, we're in what we call a red zone. We do dive into it and see what the need is and action that we need to be taking there.

We greatly appreciate the \$3 million that we've received from the ministry for safety equipment and training. And we have deployed those resources to give more education to our workforce to help address this as well.

We also have put in place enhanced reporting on notice of contravention. And we've applied that learning not only where it happens in one site but certainly across our whole region. And an example of that would be crawl space training for maintenance, where it was noted as a contravention for one site that we actually put that training in place throughout our whole region. So that we're trying to have that quality improvement focus right across wherever it's identified and roll it out across the region.

And out of that, I would conclude with those details on those three recommendations and submit that with respect.

**The Chair:** — Thank you very much. Looking to committee members for questions or comments. Ms. Atkinson.

**Ms. Atkinson:** — Yes. Can you tell me what your payroll for nurses was in, I guess, your last fiscal year?

**Ms. Laurent:** — As far as dollars? The actual dollar amount?

**Ms. Atkinson:** — Yes.

**Ms. Laurent:** — I don't have in front of me right now. I'd have to get back to you on that.

**Ms. Atkinson:** — Can you tell me what your overtime money was for nurses?

**Ms. Laurent:** — The actual number? No I can't. Some we had . . . Our numbers were over the provincial average in two specific sites. Otherwise we were under that.

**Ms. Atkinson:** — Does anyone in your group know? Because you have targets that you're supposed to meet. How are you doing this year?

**Ms. Laurent:** — We have moved down in every area of our region except for two sites, and those two particular sites we're working on strategies to bring those down. And in those two

particular sites the issue was around not having relief replacement, so we're looking at guaranteed full-time positions for new hires in those areas to help bring that down as well as looking at the attendance management because of the sick relief components that we have to replace. We're also bringing the attendance management to those areas where there's the highest usage as well.

**Ms. Atkinson:** — I understand you're reporting to your board in February, but you must have some data now.

**Ms. Laurent:** — Yes.

**Ms. Atkinson:** — So what can you tell us about sick time? Has it been reduced 10 per cent? Five per cent? Three per cent? And what are the financial implications of that reduction?

[13:15]

**Ms. Laurent:** — I did not bring that level of detail with me. As far as the analysis and detailed numbers of that, do go to the board every quarter to the board meeting. We are at, with our sick time, we're over in . . . We're actually underneath. Trent says that he has some information, I believe. So our sick leave hours from our . . . This is our balance scorecard that we actually send to the board every quarter that indicates where we're on target or not. And then as I said, they get detailed reports on that.

But right now we're showing at our last report — but there'll be another one coming to our March board meeting that we'll be getting ready in for February — and we were at 24.83 hours of paid sick leave per FTE [full-time equivalent] in our region. And the provincial target for that is at . . . We're supposed to be at a 7 per cent reduction, and we're over that. We're over that target.

But it goes all by quarter, so you have to actually divide it by a quarter which we do every time. So in our last quarter, we were actually in a green status, or we were within that range, but now we're in a red zone. But the numbers as far as the actual numbers for budget would be something I did not bring, and I would have to get back to you. I apologize.

**Mr. Fisher:** — I have some data, historical data, but it is not specific to nursing. It's the entire organization.

**Ms. Atkinson:** — I'm particularly interested in nursing, Mr. Chair, because this recommendation is about nursing. So I guess what I'm interested in knowing is, you know, for the data that you have, what was the payroll package for, you know, regular straight time payroll package for nurses? How much was spent on overtime? Of that overtime, how much was due to sick leave, workload, that sort of thing? And then year to date — I'm sure you've been tracking it year to date — what's happening in terms of payroll, straight time, overtime, and what sort of reductions year to date are we seeing? Are we seeing a reduction of 35 per cent which was the target?

Now your fiscal year is, what, April 1st to . . . Okay. So we've got two quarters at least. So I'm wondering in terms of those first two quarters, what's happened? You're targeting a 35 per cent reduction. It's a pretty good reduction. So is it 22 per cent?

Is it 17 per cent? That's what I'm interested in, Mr. Chair. And if you could get that for the committee, that would be super.

**Mr. Fisher:** — [Inaudible] . . . specifically in nursing because again . . .

**Ms. Atkinson:** — I am.

**Mr. Fisher:** — We can provide you some information on . . .

**Ms. Atkinson:** — Because the auditor's . . . I'm only interested in nursing because that's what the auditor is referring to.

**Ms. Laurent:** — We'd be happy to get that for you. The way our records roll up, it rolls up as a region or by . . . So we would need to get that for you, so we will. Thank you.

**Ms. Atkinson:** — [Inaudible] . . . region. I know I attended the public meeting in Saskatoon Health Region, and they were able to tell the public how much they've reduced overtime by, sick leave, that sort of thing. And it's contributed quite significantly to the reduction of their deficit. So I was just curious to know what's happening in — you're one of the bigger health regions in the province — if you're having the same kind of success.

**Ms. Laurent:** — At this time generally overall, that we have reduced our overtime except for those two specific sites that I spoke of. But those are including all of our staffing, so I'd have to run a report that's just specifically nursing. But we're applying the targets to all of our staff to reduce.

**Ms. Atkinson:** — Right. I'm particularly interested in nursing because, if I recall, this seemed to be the area where there was the significant use of overtime to deal with staffing. So just curious to know how that's going. Thank you, Mr. Chair, for that.

The other thing I'm interested in knowing, if you're reporting quarterly to the board in terms of the causes of nursing staff overtime, what are the causes? Is it workload? Is it sick leave? What is the number one cause? Is it sick leave? Injury? Or have you delineated it to that extent?

**Ms. Laurent:** — That is the one part of the recommendation that's going forward to the board in February that we haven't reported to the board at this point. We've done internal analysis with senior management, but the causes that I'd mentioned earlier was sick time relief and heavy workload, is what we're noticing in our organizations and sites, that it is over.

**Ms. Atkinson:** — Would your overtime mostly be accumulated in your acute care settings or nursing home settings? Where does it seem to be the most significant?

**Ms. Laurent:** — In the two sites that we have presently that it's over, is one is acute and one is long-term care.

**Ms. Atkinson:** — Okay.

**The Chair:** — Just to verify for committee members and to make sure we're all on the same page, the questions asked by Ms. Atkinson and the information that's been requested, is it fair . . . Then I noticed that there is some openness to being able

to provide that information back to the committee. Is that information available to you? And would it be fair to, within a couple weeks, to have that provided back to this committee?

**Ms. Laurent:** — Yes, it would be.

**The Chair:** — And just in a practical piece that can be sent through the Clerk's office and sent to all committee members. And thank you very much for endeavouring to do that. Further questions?

I noted some of the comments that were made with recommendation no. 1 and some of the, I guess, professional development or orientation that's now gone on and, as well, a new process of verification that's in place. Is it fair to say that that, from your perspective, that you have complied with recommendation no. 1? Or is that from your perspective still in progress?

**Ms. Laurent:** — I would say that we've complied to that recommendation.

**The Chair:** — I would seek a motion on any of these recommendations. Mr. Hart.

**Mr. Hart:** — Mr. Chair, I would move that the committee concurs with the auditor's recommendation no. 1 and notes compliance.

**The Chair:** — Is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — It's agreed that this committee concur with recommendation no. 1 of chapter 12 and note compliance.

Looking at the other two recommendations, I believe I've heard, sort of, recognition of progress. Mr. Hart.

**Mr. Hart:** — Mr. Chair, I would move that for recommendation, the auditor's recommendations no. 2 and no. 3 in this chapter, that the committee concurs with the auditor's recommendation and notes progress.

**The Chair:** — Is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — It's agreed that this committee concur with recommendations 2 and 3 of chapter 12, Sunrise Health Authority and note progress. Are there further questions from committee members or further dialogue at this point? Ms. Atkinson.

**Ms. Atkinson:** — Can I just make an observation? It would once again appear as though the Provincial Auditor has been very helpful in getting public policy-makers to focus on an issue, and I note that this was something that the ministry focused on in this year in order to reduce overtime costs. And I think we should be thankful to the auditor for focusing this issue, which then helps focus public policy-makers on this issue that's been an issue for some time. And I think this is an issue not just in Sun Country. This is an issue in all health regions.

You just happened to have the benefit of the auditor. I hope you see it that way anyway.

**The Chair:** — At this point in time, I'd simply like to thank officials from Health that have joined us here today and as well Sunrise Health Authority. Drive safely on your return back to your respective homes. And we'll take a short recess. Up next we have Education, and I believe they're going to be here in about 10 minutes.

[The committee recessed for a period of time.]

[14:00]

## Education

**The Chair:** — We'll reconvene at this point in time and we'll be turning our attention to Education for the remainder of the afternoon: two different reports, both from 2010 of the Provincial Auditor's reports, volume 1 and volume 2, both chapter 5 respectively. At this point in time we'd welcome Education officials and Deputy Minister Roadhouse. I would invite Deputy Minister Roadhouse to introduce her officials and then I'll turn it over to the auditor's office to make their presentation.

**Ms. Roadhouse:** — Thank you very much. Joining me today are Darren McKee, assistant deputy minister. On my left is Doug Volk, the executive director of the Teachers' Superannuation Commission. Also behind me is Dawn Court, director, financial planning and management; Sonya Leib, senior financial manager, financial planning and management; and Sharlene Arklie, senior manager, financial operations, Teachers' Superannuation Commission.

**The Chair:** — Thank you very much. I'll turn it over to the Provincial Auditor's office and we'll focus specifically on chapter 5 of volume 1 at this point in time.

**Ms. Ferguson:** — Thank you. I'd just like to introduce the officials. Ed Montgomery will be making the presentation. And also with him we've got Angie Hungle, and behind we also have Bill Harasymchuk and Mark Anderson. And they all have various parts within the presentation that we'll be making today.

**Mr. Montgomery:** — Thank you, Judy. I plan to present chapter 5 of our 2010 volume 1 report and chapter 5 of our 2010 volume 2 report.

I'll begin with chapter 5 of our 2010 volume 1 report. In this chapter we report the results of our 2009 audit of the Teachers' Superannuation Commission which includes both the pension and benefit plans that it administers and the results of an audit of the ministry's processes to regulate child care facilities.

In this chapter, pages 55 to 62, we report the commission's progress it has made on outstanding recommendations. This committee has already considered and agreed with these outstanding recommendations. In addition during the 2009 audit we made one new recommendation for the commission. The commission has not outlined, in its agreement with the insurance company, the reports it needs to monitor the cost of

dental benefits. As a result, the commission is not receiving adequate reports to support the payments it makes for dental claims.

In addition for the group life insurance program, the agreement with the insurance company does not outline all the terms and conditions. For example, the agreement does not outline the premium rate for accidental death and dismemberment insurance coverage and who is responsible for the benefit costs that exceed the premiums. On page 60 we recommend that the Teachers' Superannuation Commission implement adequate processes to establish and monitor agreements with the insurance company.

We also audited the ministry's processes to regulate child care facilities. We concluded that the ministry's processes for the year ending February 28th, 2010 were adequate except for monitoring and reporting facilities' compliance with the child care regulations. We make two recommendations to improve the ministry's processes.

First, the ministry's policy on inspecting child care facilities specifies an initial inspection, an annual review, and two unscheduled visits per year. For the initial inspection and the annual reviews, ministry staff use standard check lists and record their findings consistently. However for unscheduled visits by ministry staff we found that while staff recorded brief notes of their visits, there was no consistent comment on key aspects of the regulations — for example safe play areas, nutrition, access to suitable toys and equipment, or other critical elements of a child care environment. On page 67 we recommend that the ministry monitor key health, safety, and programming requirements of the child care regulations during unscheduled visits to child care facilities and document its findings.

Second, we found that the ministry does not routinely provide written reports to senior management about facilities that are not complying with the regulations. Also the ministry does not report on trends and how well facilities comply with the regulations. Regular reports about overall noncompliance rates and causes would help senior management monitor the level of risk to children and effective use of public money.

On page 68 we recommend that the ministry report trends in childcare facilities' compliance with the childcare regulations to senior management quarterly and to the public annually.

I'll now move on to chapter 5 of our 2010 volume 2 report. This chapter contains the results of our 2010 audits of the ministry and the Teachers' Superannuation Commission. The first matter I want to bring to your attention relates to the audit of school divisions and in particular the audit of the French school division. In our report we stated that the French school division was not co-operating with our office. I'm pleased to report that this situation has now been resolved and we are now receiving co-operation from the French school division.

We report one new recommendation regarding the ministry: the ministry needs to follow its established practices for the approval of major capital grants. Failure to follow established practices may result in errors and loss of public money. We recommend that the ministry approve major capital grants in

accordance with its signing authority. We have made no new recommendations for the commission and report the commission has made some progress in implementing its outstanding recommendations on pages 57-61. This committee has already considered these six outstanding recommendations.

Finally, on pages 56 and 62-63 of our report, we report some progress for outstanding recommendations of this committee that had not yet been fully implemented as at March 31st, 2010. Thank you, Mr. Chair. That ends my opening comments.

**The Chair:** — Thank you very much. I would invite response from the Ministry of Education and specifically focusing on the new recommendations — certainly expand anywhere else as well — but the new recommendations and specific actions as it relates to implementing towards compliance.

**Ms. Roadhouse:** — Thank you. I'm pleased to be here today to discuss the Provincial Auditor's 2010 report volume 1 released on June 3rd, 2010, and volume 2 released on December 1st, 2010. We welcome the auditor's report on our ministry operations as well as the Teachers' Superannuation Commission operations, and we continue to enjoy a good working relationship with the auditor's office.

We are pleased that the auditor noted the ministry and the commission had adequate rules and procedures to safeguard public resources, with the exception of matters reported. The ministry and the commission complied with authorities relating to financial reporting, safeguarding public resources, revenue raising, spending, borrowing, and investing — with the exception of matters reported — and that the 2010 financial statements of the ministry special funds and the commissioner's teachers' superannuation plan are reliable.

We value the auditor's opinions and, in general, agree with his recommendations, with the exception of the finding related to the reporting of incorrect pension costs where the Ministry of Education is bound to follow directions from Treasury Board.

I'd like to begin by first discussing the auditor's new recommendations regarding ministry operations. Volume 1 includes the findings of an audit that was conducted to assess whether the ministry had adequate process to regulate child facilities for the year ending February 28th, 2010. The auditor concluded that the ministry processes to regulate child care facilities were adequate except for monitoring and reporting facilities' compliance with the child care regulations, which resulted in two recommendations: that the ministry monitor key health, safety, and programming requirements of the child care regulations during unscheduled visits to child care facilities and document its findings; that the ministry report trends in child care facilities' compliance with the child care regulations to senior management quarterly and to the public annually.

The ministry has established a prescribed set of standards for consultants to review during unscheduled visits to licensed child care facilities and to find the need for consistent documentation. Implementation took place in October 2010, two months ahead of initial expectations. The ministry is working on establishing processes for reporting to senior management and the public on overall non-compliance rates and causes.



Volume 2 included one new recommendation related to ministry operations based on the 2009-10 annual audit findings: that the ministry approve major capital grants in accordance with its delegation of authority. The ministry is currently in the process of reviewing its procedures and internal controls to ensure that all major capital grants have the appropriate signatures indicating approval as outlined in the signing authority delegation. Additional resources have been reallocated to ensure individual review of all projects to confirm authorizing signatures and budget. The ministry continues to work on addressing the outstanding prior recommendations noted in the Provincial Auditor's report.

There are also several remarks I'd like to make on the findings of the Provincial Auditor regarding the Teachers' Superannuation Commission audit conducted as at June 30th, 2009, as well as the audit for the period ending June 30th, 2010. Since the 2009 volume 1 Provincial Auditor report, the Teachers' Superannuation Commission has addressed a number of the auditor's recommendations.

The recommendations that have been fulfilled since June 30th, 2009 are: implementation of a strategic plan, compliance with its governance manual, segregation of duties, compliance with *The Teachers Superannuation and Disability Benefits Act* when paying pension benefits, establishment of adequate processes for managing cash flow needs, and maintaining proper financial records to control public money relating to benefit plans.

In addition, when the audit for the period ending June 30th, 2010 was completed, the auditor advised that the following recommendations have also been addressed: reconciling bank accounts, monitoring investments, and processes to oversee actuarial valuations. Volume 1 of the Provincial Auditor's report included one new recommendation related to the operations of the Teachers' Superannuation Commission, that the commission implement adequate processes to establish and monitor agreements with the insurance company.

Management of the Teachers' Superannuation Commission has met with the insurance carrier and will be strengthening the wording of the financial letter of understanding for the group life insurance benefits plan's terms and conditions with respect to premium rates for accidental death and dismemberment as well as the reports needed to monitor costs for the teachers' dental plan.

Volume 2 of the Provincial Auditor's report included no new recommendations related to the operations of the Teachers' Superannuation Commission. The commission continues to work on prior recommendations with respect to developing a human resource plan, strengthening support for payments towards the dental plan, and establishing financial statements for the teachers' dental and disability plans that will be included in the commission's annual report. A separate annual report for the teachers' group life insurance plan, that includes financial statements, is now tabled with the Legislative Assembly.

This concludes my opening remarks. I would again thank the Provincial Auditor and his office for their work and invite the committee to put forth any questions they may have.

**The Chair:** — Thank you. To the committee, I see Ms.

Atkinson.

**Ms. Atkinson:** — Thank you. And welcome to the deputy minister and the officials. On page 56, chapter 5 in volume 1, it said management's going to work with the Ministry of Education and the Public Service Commission to develop a human resource plan in order to address any competency gaps. Is that done?

**Ms. Roadhouse:** — I'd like to defer that to Doug Volk.

**Ms. Atkinson:** — Sure.

**Mr. Volk:** — At this point it is not done. We have been working with the ministry for our human resource plan with respect to staffing. And we have put processes in place for when we are staffing a vacancy that we do establish the skills and knowledge and abilities that we are looking for and have a plan going in for the interview to find and be able to get those skills and abilities through our candidates through the interview process. But we are still working towards establishing a formal human resource plan.

**Ms. Atkinson:** — Okay. A follow-up question: do you, I guess, does the commission know what competencies they absolutely require and where the gaps are in order to fulfill your role and function?

**Mr. Volk:** — This recommendation has been on for quite some time . . .

**Ms. Atkinson:** — Right.

**Mr. Volk:** — And a lot of that came through a number of years ago when we had a fair number of staff move on through retirement or new opportunities, which created a gap, mostly around our financial area. We did hire Ms. Arklie — behind me here, our senior manager of financial operations — back in 2008, that has certification. Prior to that, through retirement, we did not have that skill there. But we're fine there now.

**Ms. Atkinson:** — What I'm thinking, Mr. Chair, with . . . I mean this is going to continue to be a problem, not just at the Teachers' Superannuation Commission but across the public service, as people retire, new people come in. Obviously we need to have a human resource plan and we need to address competency gaps. So what you're telling me, if the auditor was to go back to the commission now, they would not say there are competency gaps. Or would they?

[14:15]

**Mr. Volk:** — I believe they wouldn't, but that's my opinion. Yes.

**Ms. Atkinson:** — Okay. I just want . . . Okay. Well I guess we'll . . . Some people will know next year. So okay. So you feel you've addressed the competency gap issue, but you still have to get a human resource plan in place.

**Mr. Volk:** — Yes. And the plan that we're working towards takes into consideration succession planning. And it's a must

for the position that Ms. Arklie holds now that they would have certification for accounting. Yes.

**Ms. Atkinson:** — Thank you. Now the next, same page but next recommendation is that the Teachers' Superannuation Commission prepare adequate support for dental payments. And as we know, this isn't something that's cost shared. This is something that the public pays for, for teachers and their families. So the question is, do we now have adequate support for dental payments, in your view?

**Mr. Volk:** — In my view, we are working towards that. We do have . . . We can relate back to what is . . . What happens with the dental plan is the carrier will reimburse the teachers for claims plus we will pay expenses for the adjudication services of the insurance carrier. Once a month we will get an extract from the insurance carrier, and we can match that up with the payments.

What we need to strengthen is a reconciliation back so we can use that towards our financial statements for the dental plan. So we do get an invoice back from the insurance carrier, and we can relate the cost for those claims back to the invoice. But there's some work to be done to strengthen that.

**Ms. Atkinson:** — See it says that the commission has not verified the invoice to the monthly report of dental benefits paid. So are you able to do that now or not yet?

**Mr. Volk:** — Yes. That was in volume 1. As of volume 2 that was removed.

**Ms. Atkinson:** — Okay, perfect. Okay now, I'm going on to the next page, page 57. This is regarding disability payments. And you know, once again it says that management told us that it's developing a plan to have the disability payments paid out of a separate bank account. I think I heard you say that's been remedied, that's fixed.

**Mr. Volk:** — Yes. As of July 1, 2010, we do process it through a separate account.

**Ms. Atkinson:** — Okay, perfect. Moving on. Okay, page 58. Now it talks about reconciling all bank accounts properly or promptly. Is that fixed?

**Mr. Volk:** — As of volume 2, yes, that's been fulfilled.

**Ms. Atkinson:** — That's fixed. Okay. And the same thing following the rules and procedures for reconciling bank accounts. That's fixed?

**Mr. Volk:** — That's correct, yes.

**Ms. Atkinson:** — Okay. Now we're on to page 59 of volume 1. Now what about written guidance for setting and monitoring agreements. You're working on that?

**Mr. Volk:** — We're working on that, and we have met with the insurance carrier, just trying through the wordings around premiums. And we are working towards getting better reports back. And this relates back to the support for the dental plan and getting that incorporated into our contract so we have a

reference back to what reports we need in order to adequately reconcile back for the dental plans.

**Ms. Atkinson:** — Now this is going to be a question for the auditor because we know that in the public service, through the Crowns, whatnot, the public assists in paying for a health benefit or a dental plan and group life and that sort of thing. And we know that over a series of years that the cost of providing that plan for our public employees has increased. Has there ever been — and I've wondered about this — has there ever been an audit done of all of the benefit plans to know that we're getting value for money as the province and that we're not, you know, that we're not being taken advantage of? If you understand what I'm trying to say.

**Ms. Ferguson:** — No, there hasn't been. I think in order to do that type of an audit, we'd have to have a benchmark to compare against, right? And so, you know, so we'd be looking to the government to say okay, now what are you expecting to get out of these plans? So to make that type of an evaluation, you always need a benchmark. Otherwise it would just be really just an analysis as opposed to an audit.

**Ms. Atkinson:** — Okay. Then my final question has to do with . . . And I guess this gets to the written guidance for setting and monitoring agreements. What can you tell us about that?

**Mr. Volk:** — That's one of the recommendations that we are still working with our insurance carrier on. So we want to establish the wording first and then set down our written guidance going through there. Whenever we annually review and renew the agreements for the dental plan as well as the group insurance plan, we do review the rates with them, and we do look back on our experience to ensure that we are adequately capturing the proper rates.

Like for example, group insurance is very driven on experience, which would be death claims. So we would walk through our death claims with them to see if there is a reason, something that supports an increase or a status quo on the group insurance premiums too. So that's for the monitoring and written guidelines. We are working towards completing that internally, but we do meet with them once a year to discuss the contracts.

**Ms. Atkinson:** — And have you noticed that the cost of providing a dental benefit has gone up?

**Mr. Volk:** — Yes. The average claims have gone up, but two things drive that. One is the Saskatchewan fee guide which is set by the College of Dental Surgeons, and for cleaning it's X. So the plan does go up to the fee guide's requirements, and for the expenses for the dental plan it's a percentage of the claims. So if claims go up, expenses go up. So the cost of providing a dental plan does have an increase to it, yes.

**Ms. Atkinson:** — And do we look at the cost of a . . . Now I don't mean to pick on the Teachers' Superannuation Commission. I'm just thinking about this in sort of a global way. Do we look at the cost of a dental plan for, let's use teachers, in comparison to other provincial jurisdictions, what their costs are relative to ours? Do we look at that in order that we can have a proper discussion with the insurance carrier?

**Mr. Volk:** — We don't focus on teacher plans. But I will ask them, how do we compare to like-sized plans too that would be administered by the insurance carrier? So that may be a public plan in a different province; it could be a public plan within the province. But we do ask for cost comparisons between like plans with respect to rates.

But each province has different fee guides too. So Alberta could have a different fee guide, or Ontario, versus Saskatchewan. So the costs could be different. And it's all based on utilization too. If you have teachers that want to utilize the plan on a regular basis, that's going to drive your costs.

**Ms. Atkinson:** — Okay. Thank you.

**The Chair:** — Further questions? On recommendation no. 1 here, you're in discussions and dialogue with the insurance provider, so it would be fair to say that there is progress, I believe, on that front for that recommendation. Mr. Hart.

**Mr. Hart:** — Mr. Chair, I would move that with regards to recommendation no. 1 of volume 1, that the committee concurs with the auditor's recommendation and notes progress.

**The Chair:** — All agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — It's agreed that this committee concur with recommendation no. 1 and note progress from volume 1, chapter 5.

**Ms. Atkinson:** — Just a quick question from me about this. The next annual report for the Teachers' Superannuation Commission, will it have the financial statements in it?

**Mr. Volk:** — For the dental plan?

**Ms. Atkinson:** — Yes, dental and disability program.

**Mr. Volk:** — We're working towards that, yes. That's our plan. We're driving towards that. It's like the group insurance. Like these plans never had separate financial statements before, so we have to go back three years to build the first one. And we've accomplished that with the group insurance. Now the next one is disability. We're working towards that now, and then dental's the one after that.

**Ms. Atkinson:** — So dental may not be in this '10-11's annual report.

**Mr. Volk:** — We're striving for it, but I can't say for sure now.

**Ms. Atkinson:** — Okay. Thank you.

**The Chair:** — Some of the comments were made as it relates to recommendation no. 2 in the unscheduled visits to child care facilities. I believe there was a discussion that brought forward that there's now a different process that's in place and different documentation. From the ministry's perspective, does that satisfy and meet the expectations laid out from the auditor?

**Ms. Roadhouse:** — The ministry has established a prescribed

set of standards for consultants to review during unscheduled visits to licensed child care facilities and define the need for consistent documentation. And as far as the reporting to senior management on non-compliance and trends, the ministry is developing a new information management system and has defined a requirement for the new system to track non-compliance occurrences for reporting purposes. So we will be able to now issue those statements, numbers of incidences, and the trends.

**The Chair:** — And this new review is being utilized by staff, by employees, at this point in time?

**Ms. Roadhouse:** — Yes.

**The Chair:** — Just looking at recommendation no. 2, is it your thought that it's fully complied in at this point in time?

**Ms. Roadhouse:** — The first part of the unscheduled visits, that was implemented as of October 2010, two months ahead of the initial expectations. The reporting to senior management on the overall non-compliance rates and the trends is in progress with the tracking system.

**The Chair:** — Mr. Hart. Thank you.

**Mr. Hart:** — Mr. Chair, with regards to the auditor's recommendation no. 2 in volume 1, I would move that the committee concurs with the auditor's recommendation and notes compliance.

**The Chair:** — Question on this aspect, Ms. Atkinson?

**Ms. Atkinson:** — I do. There's a child daycare centre in Saskatoon called Parents' child daycare. It's on 5th Street in Saskatoon. I think they have 60 children. They now have mould in their facility, and so they can't be there. And I'm wondering if at an appropriate moment you might be able to give me an update. This is a big issue because these kids are going to . . . They have to move. They can't be there because of mould.

**Ms. Roadhouse:** — Sure. I shall provide an update on that.

**Ms. Atkinson:** — Okay. Thank you.

**The Chair:** — There was a motion put forward by Mr. Hart to concur and note compliance. All agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — It's agreed that this committee concur with recommendation no. 2 and note compliance. Mr. Hart.

**Mr. Hart:** — Mr. Chair, I'd move that, with regards to recommendation no. 3 in the same volume, that the committee concurs with the recommendations of the auditor and notes progress.

**The Chair:** — All agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — It's agreed that this committee concur with

recommendation no. 3 and note progress. Further discussion or questions on volume 1 or maybe we can move along to volume 2. Ms. Atkinson.

**Ms. Atkinson:** — Just a little observation on behalf of the child daycare community. I know that when there are facility issues, sometimes it's difficult to comply because you don't have the money to comply. They just simply do not have enough money to comply. And so I think we need to be aware that when we're thinking of suspending or revoking licenses, that has an implication in terms of facilities for our little children. And we need to work with them so that they can comply, and that option means additional money.

So I just wanted to put that on the public record that we can be very rigorous in terms of our regulations, which I think we should be because safety of children is paramount, but we also need to understand that when we're doing this, that it has implications in terms of money.

[14:30]

**The Chair:** — Looking at the one recommendation that's new in volume 2, chapter 5, specifically dealing with signing authority. Now I believe I've heard that this new process is in place as it relates to major capital grants. That's good to hear. My question would be, how many circumstances were found to be in breach of the policy?

**Ms. Roadhouse:** — There was seven signatures missed.

**The Chair:** — How many different projects? Would that be seven separate projects then as well?

**Ms. Roadhouse:** — Yes it was.

**The Chair:** — Could the ministry please provide the seven grants that were provided that didn't have the . . . that were in breach of that policy?

**Ms. Roadhouse:** — The names of the seven projects?

**The Chair:** — Correct.

**Ms. Roadhouse:** — Okay. I'm not sure we brought that with us, but if not, I can certainly get it to you. We didn't bring it with us but we'll get it to you.

**The Chair:** — Thank you. And to provide that information, if it can be provided by way of the Clerk to all committee members.

**Ms. Roadhouse:** — Okay.

**The Chair:** — Thank you very much. But otherwise it sounds like this policy is now being complied with. Is that the ministry's perspective?

**Ms. Roadhouse:** — Yes. We're continually reviewing our procedures and internal controls. The one significant change that we made is we've reallocated some resources so that all projects are reviewed to confirm that authorizing signatures and budget and so forth are in place. So we've actually added a resource there.

**The Chair:** — Ms. Atkinson.

**Ms. Atkinson:** — I'd like to ask a question regarding capital. Is the ministry now going to sole source tendering? I'm thinking of these portables. Have you changed your process in terms of how you tender this or deal with this?

**Ms. Roadhouse:** — I don't believe so, but I'm just going to consult with the director of Finance. We are not sole sourcing. There was an agreement around 30 portables.

**Ms. Atkinson:** — Yes, but when I look at the tender, it was quite different than what actually ended up happening. And I'm talking about the tendering on the Government Services website. So this turned into a much larger project than what was initially asked for. And so I think we'll have this discussion obviously in the spring, but I was just curious to know if you've changed this.

**The Chair:** — At this point in time, on this specific recommendation, I would entertain a motion. Mr. Hart.

**Mr. Hart:** — Mr. Chair, I would move, with regards to recommendation no. 1 in volume 2, that the committee concurs with the auditor's recommendation and notes compliance.

**The Chair:** — All agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — It's agreed that this committee concur with recommendation no. 1 from volume 2, chapter 5 of the Provincial Auditor's report 2010 and note compliance — sort of a key aspect of the motion.

At this point in time are there further questions from committee members or discussion? I'd like to thank Deputy Minister Roadhouse and officials from the Ministry of Education for coming before us here today and supplying us with the information we've requested.

**Ms. Roadhouse:** — Thank you very much.

[The committee adjourned at 14:34.]