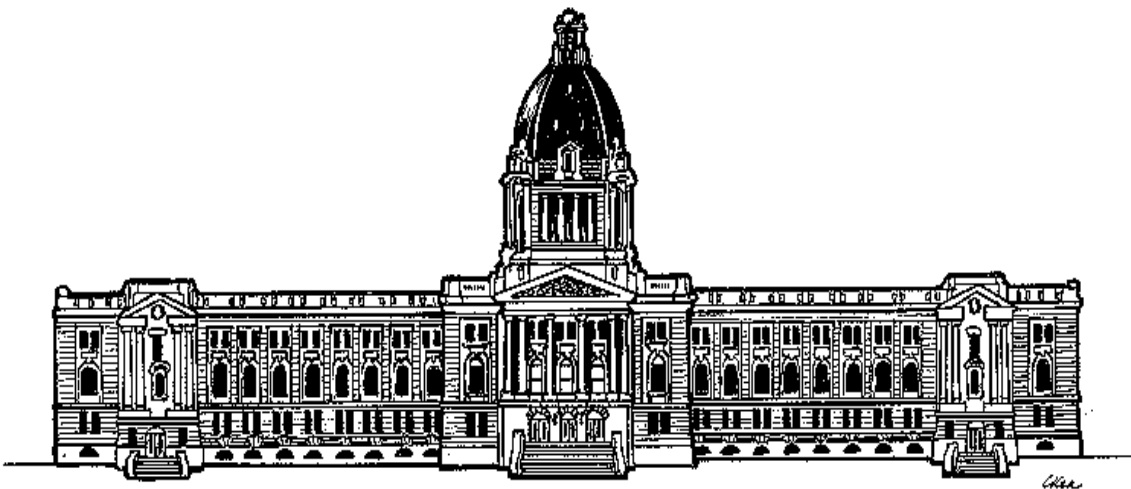




STANDING COMMITTEE ON PUBLIC ACCOUNTS

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STANDING COMMITTEE ON PUBLIC ACCOUNTS

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Mr. Glen Hart
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Ms. Laura Ross
Regina Qu'Appelle Valley

Mr. Corey Tochor
Saskatoon Eastview

Mr. Trent Wotherspoon
Regina Rosemont

[The committee met at 07:57.]

The Chair: — Welcome, everyone, this morning to Public Accounts. I'd like to start by introducing the members here today. We have Mr. Wotherspoon. We have Ms. Ross, Mr. Cox, Mr. Tochor, Ms. Campeau, Mr. Hart, and Mr. Moe. So welcome.

And nothing to table today. It's a pretty straightforward agenda. I'd like to introduce the Acting Provincial Auditor, Ms. Judy Ferguson, and she will be introducing her officials with her today.

The first agenda item, we will be looking at the regional health authorities, 2002 . . . 2012 — it was a late night last night, folks — 2012 report volume 2, chapter 19. And I would like the ministry officials to introduce themselves. Mr. Wotherspoon.

Mr. Wotherspoon: — Just before we get started, I wouldn't mind introducing just a couple of special guests that have joined us here this morning, both from the University of Regina. Mr. Connor Ferrie has joined us, as well as Mr. Lee Sebastian. Both these individuals drew the short straw in their internship program and are stuck working with me for a period of time. It's been a pleasure working with both of them.

Connor Ferrie's a political science student. He's from Coronach, a real bright young guy. I've really enjoyed working with him. He's been involved in various activities in the community and related to the legislature, and a pleasure to have him here today. And Mr. Lee Sebastian is a geography student taking a political science class, and as part of that is working with us.

So this morning you'll be observing a Public Accounts meeting and a study of the auditor's reports. And Public Accounts is all about the efficiency, economy of government programs and addressing and protecting the public as it relates to risks to their safety, but also to public resources and assets. And we certainly look forward to the discussion and dialogue here today. So I ask all members to welcome these students to their committee.

The Chair: — Just to join with Mr. Wotherspoon, welcome to Public Accounts. And I hope it's an enjoyable next hour for you and you take a few things away.

I always fail to do this; I forgot to introduce Terry Paton and Chris Bayda from the Provincial Comptroller's Office. So my apologies about that. But welcome and thank you for being here this morning. Back to the ministry officials. Mr. Hendricks, if you'd like to introduce your officials.

Health

Mr. Hendricks: — Sure, thank you. My name is Max Hendricks. I'm the Deputy Minister of Health. And to my left I have Tracey Smith who is an acting assistant deputy minister. To my right I have Cindy Fedak who is the director of operations and internal audit. Directly behind me I have Shelley Reddekopp who is our executive director of financial services. I have Dr. Ty Jisdal who is my chief medical officer. And also travelling in from Mamawetan Churchill River we have Sulav

Pant who is their director of finance. So we'd like to welcome him.

The Chair: — Thank you, Mr. Hendricks. Ms. Ferguson, I'll pass it off to you to introduce your officials and to make your presentation on the chapters we'll be discussing.

Ms. Ferguson: — Thank you very much. Thank you, Madam Chair, members, officials. With me today I've got Mr. Mobashar Ahmad. Bashar is the deputy responsible for the health division in our office. And behind him is Kim Lowe and Melanie Heebner. Kim and Melanie led a number of these chapters that are before us today, and Kim is also the liaison with this committee from our office.

So this morning we've got nine chapters on the agenda related to the regional health authorities from three different reports: the 2012 report volume 2, the 2013 report volume 1, and the 2013 report volume 2. Two of these chapters report the results of our annual integrated audits of regional health authorities and the remaining seven actually report results of follow-ups.

We're going to present these chapters in three segments. Mr. Ahmad will present the two chapters related to the integrated audits. We'll do that each in one segment because each of them contains new recommendations. And then we're going to combine the remaining seven chapters into one presentation because all of the recommendations in the remaining seven have been previously considered by the committee. So we'll do just the three segments there.

Before we launch into our presentations, I want to pause and thank the officials of the ministries and of each of the regional health authorities that are presented in the results today for their co-operation that they provided to our office during the course of these audits. And with that I'm going to turn it over to Mr. Ahmad to present the chapter 19 from the 2012 report volume 2.

Mr. Ahmad: — Thank you and good morning, Madam Chair, members of the committee, officials. Chapter 19 begins on page 141 and reports the result of our annual integrated audits for the year ended March 31, 2012 for all of the regional health authorities except for Saskatoon and Regina. We report the result of our audits of these two authorities in separate chapters.

We report that 10 RHAs [regional health authority] included in this chapter had reliable financial statements, complied with authorities, and had effective rules and procedures to safeguard public resources except for the matters reported.

We make four new recommendations. We also report that the RHAs implemented four of our past recommendations, but remaining 11 past recommendations have not yet been fully implemented. Your committee had previously considered and agreed with our past recommendations reported in this chapter.

On page 146, our first new recommendation requires Keewatin Yatthé RHA to deposit money received from residents of special-care homes in a designated trust account as required by law. We made this recommendation because Keewatin Yatthé deposited in its operating account money totalling about 30,000

belonging to residents of its special care homes. As reported in our 2013 report volume 2, Keewatin Yatthé has implemented this recommendation by March 31, 2013.

Our second and third recommendation on page 146 requires Cypress RHA and Kelsey RHA each to segregate duties of their staff that use their financial accounting system. As reported in our 2013 report volume 2, by March 31, 2013 Kelsey Trail had implemented this recommendation but Cypress had not yet done so.

Our fourth recommendation on page 147 required Keewatin Yatthé to reconcile its payroll advance accounts to its accounting records. We made this recommendation because Keewatin Yatthé had not reconciled payroll advance accounts since 2008. As we report in our 2013 report volume 2, by March 31, 2013 Keewatin Yatthé had implemented this recommendation.

With respect to the 11 outstanding recommendations, at March 31, 2012 three recommendations relate to Prairie North. By March 31, 2013 Prairie North had not ensured all employees' time cards were properly approved before processing, assessed its needs for an internal audit function, and followed its processes to grant and remove user access to its IT [information technology] system and data.

Two recommendations relate to Keewatin Yatthé. By March 31, 2013 Keewatin Yatthé had not improved its granting and removal of user access to its IT system and data and had not counted and compared the capital assets to its detailed capital asset record.

Two recommendations related to Prince Albert Parkland RHA. By March 31, 2013, P.A. [Prince Albert] Parkland had implemented the recommendation relating to the approval of employees' time cards, but had not yet followed its processes to grant and remove user access to its IT system.

One recommendation related to Mamawetan Churchill River. By March 31, 2013, Mamawetan Churchill River had not yet established IT policies and procedures. One recommendation related to Heartland RHA. By March 31, 2013, Heartland had not adequately protected its IT system and data.

One recommendation about the need for establishing and testing disaster recovery plans, related to five RHAs. As reported in our 2013 report, these RHAs had not fully implemented these recommendations by March 31, 2013.

Lastly, one recommendation related to all ten RHAs regarding preparing and improving comprehensive capital plans. We plan to follow up this recommendation in 2015.

I will now pause for the committee to consider the new recommendations. Thank you.

The Chair: — Thank you very much, Mr. Ahmad. Mr. Hendricks.

Mr. Hendricks — Okay, I am glad to say that of the three new recommendations made in 2012 — or four new recommendations — three have been implemented. The one

with respect to segregation of duties in Cypress Regional Health Authority, the region has implemented the following to address the recommendation. Payable staff no longer have access to cheques, combinations of the safe have been changed, and a process was developed to sign in and sign out blank cheques. A system was also implemented to identify the addition of new vendors. So they feel that they are on the road to implementing that recommendation of the auditor.

With respect to the other recommendations that the auditor has made in the 2013 report on page 140, agreements with health care organizations are needed prior to providing funding, this is relating to P.A. Parkland and Keewatin Yatthé. Prince Albert Parkland RHA notes that all health care organizations' contracts are renewed annually. A process to track the renewal dates has been established and all contracts with organizations will be signed and complete by March 31st, 2014.

With respect to Keewatin Yatthé providing funding to health care organizations in the region, Keewatin Yatthé RHA agrees with this recommendation and will comply with *The Regional Health Services Act* when providing funding to health care organizations. They will ensure written agreement is in place prior to providing funding.

With respect to proper support and approval for staff overtime for Mamawetan Churchill, which is a new recommendation, Mamawetan Churchill River RHA is monitoring the overtime, callbacks, and sick time premiums by posting and presenting premium dollar trending reports at the weekly wall walks. These are a monitoring system that we use under our lean management system in tracking FTE [full-time equivalent] usage by departments on a monthly basis. So they consider that to be in progress as well.

Proper documentation of medicines administered to patients needed, Mamawetan Churchill River. We recommend that the Mamawetan Churchill River establish a process to ensure staff properly document medication administered. Mamawetan Churchill River RHA has established a process to ensure that staff properly document in-patient files who prescribed the medication administered. The nurse practitioner education coordinator provides training and reviews to individual nurses about the need and requirement for proper documentation and patient charts and medication records.

With respect to the auditor's recommendation on 142, Mamawetan Churchill Regional Health Authority establish processes to ensure medications are only administered to patients who have been registered in health care facilities, Mamawetan Churchill River believes that they have done this. They only are now administering to patients who are registered in their health care facilities.

With respect to review and approval of financial records needed in Mamawetan Churchill River, since the beginning of 2013-14 a process has been in place where either the finance coordinator or the director of finance are involved in the review and approval of key financial procedures. All journal vouchers and reconciliations and other documents are prepared by and reviewed and approved by two different individuals, of whom one individual has approval authority.

Salary payments based on approval of time cards needed, Keewatin Yatthé, Prairie North, and Prince Albert Parkland. Keewatin Yatthé, the region is complying with its processes to ensure that time cards are reviewed and approved by processing by payroll staff.

With respect to Prairie North Health Authority follow its processes to control bank accounts when making payments to employees, the region is committed to ensuring that approvals are properly documented. Pay information is audited by payroll supervisors every pay cycle. The region is committed to having all time sheets approved by supervisors or designates, and all managers are regularly advised of the requirement to sign off on time sheets. With respect to . . . I guess all those have now been implemented.

With respect to the protection of IT systems and data need in Mamawetan Churchill River, Keewatin, Prairie North, P.A. Parkland, and Heartland, Mamawetan RHA has established an information technology security policies according to the provincial templates. The region estimates that 90 per cent of these policies have been improved by the director's team and the remainder are currently being drafted, so that's in progress.

On page 144, "We recommend that Keewatin Yatthé Regional Health Authority improve its processes to grant and remove user access to . . . [their] IT systems . . ." Significant work has been done on this to remove terminated employees from their information technology systems, and so this work is also partially implemented.

On page 144 as well, "We recommend that Prairie North Regional Health Authority follow its processes to grant and remove . . . access to its IT systems and data." Prairie North agrees with this recommendation and notes the policies and procedures have been reviewed, updated, and published for managers in human resources.

IT is receiving regular reports from payroll on all new hires and terminations for control access updates. In addition, IT is in the process of establishing an electronic workflow with messaging to managers and payroll regarding user account management. So that is well under way if not implemented.

"We recommend that the Prince Albert Parkland Regional Health Authority follow its processes to grant and remove . . . [users from] IT systems . . ." PA Parkland's RHA's IT department is working with payroll and human resources to remove inactive employees in a timely fashion. In addition, human resources and department managers inform IT administrators of staff transfers, resignations, and terminations, so not dissimilar to Prairie North.

Heartland Regional Health Authority adequately protects its information technology systems and data on page 145 . Heartland agrees with this recommendation and notes that new practices were implemented in 2013-14, where the region receives notification simultaneously with payroll department for new hires and terminations. An email is also sent to all superusers to ensure the user is removed from the application as well. This allows the region to respond immediately and terminate the accounts.

Disaster recovery plans needed in Heartland, Mamawetan Churchill River, Cypress, Sunrise, and Sun Country — all these regions are progressing and are at various stages of implementing disaster recovery plans.

And I think that takes us to the end of the new and under progress recommendations.

The Chair: — Thank you, Mr. Hendricks. I'd like to open it up to the floor for questions from members. Mr. Wotherspoon.

Mr. Wotherspoon: — Thank you. I'd like to follow up certainly on the outstanding recommendations and some of the discussions of what actions have been taken and what timelines will be in place until implementation has occurred. But I'll just maybe touch on some of the new recommendations first and then we'll look at those other ones.

Where is the ministry at in addressing, on page 139, the recommendation 4.1 recommendation 1, that the health regions that are cited there — Cypress, Five Hills, Heartland, Prairie North, Prince Albert Parkland, Sun Country region — follow Canadian generally accepted accounting principles?

[08:15]

Mr. Hendricks: — The ministry does not agree that the assets constructed under the shared ownership agreements were incorrectly recorded. We believe the accounting treatment is appropriate and the financial records were not misstated. We have legal agreements in place regarding the shared ownership. It is a model that was announced in a policy decision taken by government. We are accounting for it based on the legal obligations that have been established in the contracts that are in place. We believe that it is an appropriate application of the guidelines established through generally accepted accounting principles. In discussions with the auditor, between the auditor and the deputy minister of Finance, I understand that this is under review right now. But we believe that as this moves to a summary budget this is less of an issue as all government's records will be consolidated.

Mr. Wotherspoon: — Okay. So if I understand this correctly, the qualified opinions that were placed on the books of each of these health regions would have been done so not by the Provincial Auditor but by independent accounting firms in Saskatchewan. Could you just cite which firms placed the qualified opinion on these books?

Ms. Ferguson: — Actually if I could direct you to page 138 of our 2013 report volume 2, you'll find that the regional health authorities were Cypress, Five Hills, Heartland, Prairie North, and P.A. Parkland. So the related accounting firm is across on the page. So for Cypress it was Stark & Marsh; Five Hills it was Virtus Group; Heartland, KPMG; Prairie North it's Menssa Baert Cameron Odishaw La Cock; and P.A. Parkland is MNP.

Mr. Wotherspoon: — So just maybe to clarify, is the minister suggesting that the independent accounting . . . or the deputy minister, sorry . . . Is it the perspective of government that these independent accounting firms have made an error or that their assessment is incorrect?

Mr. Hendricks: — I would say that the interpretation of the generally accepted accounting principles that government has taken is different from those accounting firms.

Mr. Wotherspoon: — And who in the independent accounting community of Saskatchewan? Because we have some pretty . . . I mean, so I see Stark & Marsh, Virtus Group, KPMG, MNP, Menssa Baert Cameron and company. Who in the independent accounting community sides with the government's opinion on this?

Mr. Hendricks: — I'm not sure but, you know, I will say that from time to time there are differences between private sector accounting firms and government in terms of their interpretation of public sector accounting rules. And so here we have a difference of opinion. And you know, in keeping with the fact that this was government policy, we believe that our accounting of these agreements was correct.

Mr. Wotherspoon: — Okay. And maybe just to the auditor, it just seems strange to me, sort of. We've heard this from the minister as well that they chose a policy and asked . . . instructed health regions to make these decisions. And so it just seems strange to me that, you know, this is a pretty diverse group of auditors representing, you know, some of the large private sector firms in our province.

As well, we've heard the perspective of the Provincial Auditor weigh in on this. And I don't know how government sort of stands alone in sort of stating that this is just a matter of accounting difference of opinion, when it seems that government doesn't have necessarily anyone standing with them on this. So maybe just to the Provincial Auditor, from the auditing community, what's the perspective that this is simply a matter of a difference of opinion?

Ms. Ferguson: — We do acknowledge that accounting standards are subject to interpretation. On this one here, basically what we as auditors are looking at is really the substance of the transactions versus the legal form. And when we look at that, in our opinion, along with a number of accounting firms, we think that the ownership of the assets, the risks and the rewards of those particular assets, rests with the regional health authorities. And I think you'll find that when you look at the school divisions, their auditors that were under the same agreements had the same views as ourselves.

We do understand, as the deputy minister had indicated a little bit earlier, that this whole area of accounting will be reviewed in this upcoming year by the government, that they are having a re-look at that. And so we're encouraged that they are going to be doing that.

Mr. Wotherspoon: — Okay. So there's a potential maybe back to, if there was a discussion of a review and it involved the Provincial Auditor was going to be having a role in that, there's a potential that government's going to change the accounting treatment of . . .

Mr. Hendricks: — Yes, I don't know about that. I'm just, you know, there has been discussion between the Provincial Auditor and the deputy minister of Finance. We do maintain that, you know, the ministry through its legal agreements with the region

does maintain majority ownership in these projects. And so as a result, we have the majority say in design, construction, tendering, all of that, and that was the basis for our stance in terms of our accounting treatment of these.

Mr. Wotherspoon: — Okay.

The Chair: — I think in terms of context here that we'll pause here. The auditor hasn't had an opportunity to give remarks about the 2013 report volume 2, chapter 19, which is what we're discussing right now, so I think Ms. Ferguson would like an opportunity to do this.

Mr. Ahmad: — Thank you, Madam Chair. Chapter 19 of our 2013 volume 2 begins on page 137, and it reports the results of our annual integrated audit of 10 RHAs for the year ended March 31, 2013. We report that these RHAs had effective processes to safeguard public resources and comply with legislative authorities, except for the matters reflected in the 18 recommendations we make in these chapters. Eight of these recommendations are new, and 10 recommendations are repeated from our past year.

We also report that the RHAs' financial statements are reliable, except that the financial statement for Cypress, Five Hills, Prairie North, Prince Albert Parkland, and Sun Country were not prepared in accordance with Canadian generally accepted accounting principles.

I provided your committee with a summary of the outstanding recommendations in my last presentation. Therefore I will focus on the new recommendations. The first recommendation on page 139 is what we have been discussing so far. And as the DM [deputy minister] said and as the Acting Provincial Auditor said, that the matter is now being reviewed by the Ministry of Finance, so I'll just leave it at that.

As previously discussed with the committee, our office then reported . . . [inaudible] . . . each of these RHAs hold the view that we talked about, that these are the incorrect accounting for those shared ownership agreements.

Now moving on to page 140, our second and third recommendation ask P.A. Parkland and Mamawetan Churchill River RHAs respectively to comply with the regional health authorities Act when providing funds to health care organizations in the region. We made these recommendations because each of these RHAs gave money to health care organizations in their region without a written agreement. And as the deputy minister indicated, they now have an agreement in place.

Our fourth recommendation is on page 141: ask Mamawetan Churchill River to establish processes to control overtime costs resulting from calling staff back to work outside their assigned shifts, often called callbacks. We made this recommendation because Mamawetan Churchill River did not have a process to monitor the use of callbacks, such as requiring the supervisor to know when and why nursing staff were called back. Mamawetan Churchill River paid about \$337 in overtime due to callbacks.

Our fifth and sixth recommendation on page 142: ask

Mamawetan Churchill River to establish a process to ensure that staff properly document in patient files who prescribed the medication administered, and that medications are administered to patients who have been registered in its health care facilities. We made these recommendations because we found that patient files at the Sandy Bay clinic were not always completed. Again as the DM indicated that these files are now being properly maintained and Mamawetan Churchill River has a process to monitor the callbacks.

The seventh recommendation on page 142 requires Mamawetan Churchill River to establish a process to review and approve all key financial procedures such as bank reconciliation and journal entries. We made these recommendations because Mamawetan Churchill River did not always perform such procedures regularly.

Finally, our eighth recommendation on page 143 asks Keewatin Yatthé to follow its processes to pay its employees based on properly approved time cards. We made this recommendation because the supervisor did not always approve time cards for hours worked and payroll staff processed time cards without checking that the time cards have evidence of supervisory approval.

Our next presentation will discuss the recommendation other than the recommendation on capital equipment plan including exhibit 5.1 on page 148. As I said in my last presentation, we plan to follow up this recommendation in 2015. And that concludes my observations. Thank you.

The Chair: — Thank you very much. So back to the floor for questions. Does anyone have any further questions? Mr. Wotherspoon.

Mr. Wotherspoon: — Well I guess just with as it relates to recommendation 1. You know, I don't think we need to spend a whole bunch of more time on this this morning. We hear that government's reviewing their process and how they'll be doing their accounting.

But just to state that, you know, we find it unacceptable for government or for health authorities, for public entities to be in non-compliance with GAAP [generally accepted accounting principles] and that it's just not . . . We just don't buy that somehow someone in government has one opinion but then the independent accounting community, the private sector accounting firms of Saskatchewan and the Provincial Auditor, who are all of another opinion, are somehow, you know, that that's somehow plausible that all those strong private sector firms in Saskatchewan and the independent Provincial Auditor are wrong in their assessment.

And it's troubling to see the statements of the nature where it says that there's significant errors in the bookkeeping or the accounting of these health authorities. We wouldn't accept that of any company in Saskatchewan, public or private. We wouldn't accept that of a household nor should we accept that of government or our health authorities.

So I'm heartened that there's a discussion that there's going to be a review of this by government. It's our, as in I guess mine . . . And I know I've discussed this with our colleagues. It's

maybe everyone's perspective around the table, but I certainly know the official opposition's perspective that this needs to be resolved and that we need to be able to have clean audits of the books, not just of government. And we need to see those resolved but we also need to see that of the health authorities. And in this case here, I understand that this was not a decision made by health authorities. This was directions that came from government and so this needs to be resolved.

I have questions on other pieces. I don't know if you have a comment to that. But I just want to state that I appreciate that there's going to be review, with potential changes.

Mr. Hendricks: — Your points are duly noted. What I would say is that what we have here is one agreement on, or well in each of these regions, on a particular capital project. Yes, I don't think the auditor would dispute or doesn't say anything to the overall reliability of the financial statements of these regions, which otherwise I think they would agree are reliable. So again we have a difference of opinion and, you know, I wouldn't think that that should take away from the overall reliability of these statements.

Mr. Wotherspoon: — Yes. I might be wrong here, but I think the reliability of the statements are taken in full, and when I see that it's stated here that they contain significant errors, that the RHAs did not correctly account for health care facilities, shared-ownership agreement, and when they have qualified . . .

Mr. Hendricks: — But they also do say that the financial statements, in the first sentence, are reliable.

Mr. Wotherspoon: — Sure. Well all I have to say is that just as any publicly traded company in this province or in this country, any private company in this province, there's a set of rules to be followed and it's important that these organizations and the government are able to pass an audit, not just by the Provincial Auditor — that's very important — but also by accounting standards and the independent accounting firms across Saskatchewan. And these aren't, as I say, I mean this is . . . Who do we see here? Stark & Marsh, Virtus, KPMG, MNP, Menssa Baert Cameron and company. Deloitte also does some of the auditing here. I know they don't have one of the specific authorities in mention here. But it needs to be . . . This needs to be resolved.

The Chair: — Thank you, Mr. Wotherspoon. Mr. Moe.

Mr. Moe: — Duly noted on your comments, Mr. Hendricks, and the Provincial Auditor's office on the difference of interpretations and whatnot. I do have a couple of questions as regards to volume 2 in the 2013 report, new recommendation no. 2 that, "We recommend that the Prince Albert Parkland Health Authority comply with *The Regional Health Services Act* when providing funding to healthcare organizations in the region." And we'd indicated that in March of this year that this would be complied with. Was that correct? Did I hear that correctly?

[08:30]

Mr. Hendricks: — Correct.

Mr. Moe: — And with recommendation no. 3, there was some written filing that was being done at the moment. That is being done. So that one would be viewed that it is complied with as well?

Mr. Hendricks: — Yes.

Mr. Moe: — And no. 4, there was some monitoring that was taking place and it was the view that that was in progress at this point in time.

Mr. Hendricks: — Correct.

Mr. Moe: — No. 7 was being reviewed and signed off by two individuals. That was complied with. Back to the 2012 report volume 2, recommendation no. 2, “We recommend that Cypress Regional Health Authority adequately segregate duties of its staff who use its financial accounting system.” And I think there was a follow-up on this already that indicated that it was maybe partially complied with.

Mr. Hendricks: — Yes. So it was related to Cypress, I believe.

Mr. Moe: — Right.

Mr. Hendricks: — And they have done certain things. The payables staff no longer have access to cheques. They changed the combination on the safe. A process was developed to sign in and sign out blank cheques and a system was implemented to identify addition of new vendors. So we would see that generally as implemented.

Mr. Moe: — Okay. I’d be ready to deal with the recommendations, if we’re ready.

The Chair: — Are there any further questions? Mr. Wotherspoon.

Mr. Wotherspoon: — Just on no. 2, so just to make sure, I heard a difference of opinion and maybe it’s you have information that hasn’t yet been received by the auditor. I believe I heard Cypress was not yet implemented from the auditor’s perspective. I’ve heard that from the government’s perspective, it has been implemented. Just to reconcile the difference here, I’d be interested in a comment.

The Chair: — Ms. Ferguson.

Ms. Ferguson: — You’re quite correct. There was a difference there but we’re speaking to March 31st, 2013, and I think the ministry is providing us with more current information that we’ll look at in the course of the annual audit.

Mr. Wotherspoon: — Sure. Thank you. And just to make sure, out of all the new recommendations, not focusing on the outstanding ones, but the new ones from both years, and let’s set aside the one that we’ve already discussed about the accounting errors. Of the other ones, which ones haven’t been implemented then from the government’s perspective?

Mr. Hendricks: — Actually there are several that haven’t been implemented, and this is a matter of concern for the ministry. We wrote to all of our regional health authority CEOs [chief

executive officer] and CFOs [chief financial officer] trying to express the importance of complying with the auditor’s recommendations. We feel that they’re very significant to overall confidence in the health care system. And so that letter has gone out. It will go out again this year. It is actually in the accountability agreements of the regions as well.

So to say as the deputy minister that I am not disappointed with the lack of progress on some of these recommendations, many of which have been on the books for years, it would be an understatement. So we will be pushing very hard on these. I would like to report to this committee that several of these have been removed next time I appear before it.

Mr. Wotherspoon: — So I appreciate hearing from the deputy minister the importance of these outstanding recommendations that haven’t yet been implemented and I appreciate a letter has gone out to state the importance of it.

I’m just thinking, as a committee, how do we make sure we’re stating as a committee the importance of these outstanding recommendations? And some of them do date back many years, some from reports a couple of years ago, some almost a decade ago in some cases. So how do we send a message from Public Accounts that, you know, it’s just not acceptable to have a set of new recommendations coming forward to this committee and then have a growing list of outstanding recommendations without actions? You know, we could spend some time going through the very specific recommendations. I don’t know if there’s a statement that we can make as it relates to these recommendations because actually there’s a large number of recommendations here and would actually take significant time for us as a committee to dig into. But there’s risks associated to the public without having these resolved.

Maybe what we need to do . . . I know our agenda here today and I know the time on the clock. Maybe as a consideration for this committee, we need to think about having a special committee at some point to be following up on these outstanding recommendations and bringing in the health authorities to be speaking directly to the timelines and actions they’re taking, and hopefully very soon seeing implementation of recommendations on a lot of fronts. I mean we have health authorities that do a great service to the people of Saskatchewan, but it does . . . They do need to improve their systems and controls where these issues have been identified by the auditor.

Maybe just over to the auditor on that piece then is, are there a couple of recommendations of the outstanding ones that are seen as most egregious or of highest risk without being implemented?

Ms. Ferguson: — Thank you. That’s a tricky question with respect to . . . In our view, these are all significant recommendations for different reasons and each of the recommendations pose different risks. We are always troubled by the ones that hang around for a while, right? You know, and we’re actually quite pleased with the efforts that the ministry is taking in terms of the leadership and trying to move them forward. We think that’s very important to do so.

I also want to bring to the attention of the committee here, what

we've done is we've grouped 10 regional health authorities together in two chapters though. Like there's 10 for each in two chapters. And that's why in our presentation we did take the time to break it down and say, you know, this many are outstanding for this particular health authority and this many for another health authority.

So I think if you break it down to the 10 health authorities, you know, and if we had presented it each individually, it might not have looked quite as cumbersome. But I would certainly pause on the ones that have been around for a period of time. We do have recommendations that have been outstanding since 2004 and, you know, that's a considerable period of time. As I indicated, we are quite pleased to see the leadership taken by the ministry in terms of trying to move this forward.

Mr. Hendricks: — If it would be possible, you know, I will again outline the outstanding recommendations to each of the regional health authorities, and I will have them prepare a report of how they intend to address those, in short order. And I will in turn present that to this committee by June 30th.

Mr. Wotherspoon: — So maybe just on that, I mean I think we're right on the same page here, and maybe we can . . . Should we move as a committee that very request that, as it relates to the not implemented and outstanding recommendations, that the health authority in question or that it relates to provide us a report back of the actions taken, the actions to be taken, and a timeline towards implementation?

I think that would be something quite helpful when we look at the bundle of outstanding recommendations. I think it would state to them the importance of resolving those questions. And I don't know. I want to be reasonable on it as far as the timeline that they would have to respond back to us. They'll certainly have a full update. They know these pieces. Would 30 days be sufficient for us to ask to move a motion to have that reported back to certainly government, to the auditor, but all members of this committee?

The Chair: — Mr. Moe.

Mr. Moe: — Mr. Hendricks, did you say you were going to supply us with a list of uncomplained-with recommendations? Is that what you'd mentioned?

Mr. Hendricks: — Well we already have that list. As I said, you know, we will be, you know, in the past we have written to RHAs expressing our concern about these outstanding recommendations. What I would suggest is that I write the region and ask them for a specific plan to address those recommendations, and timelines, and present that to this committee . . .

Mr. Moe: — Sure.

Mr. Hendricks: — So we can reduce the number. A lot of these are quite frankly housekeeping issues that aren't the highest priority but they keep . . . They're staying on the books and we need to get rid of them.

Mr. Moe: — And would that be able to be supplied to this committee then?

Mr. Hendricks: — Yes.

Mr. Moe: — That would be sufficient for me.

Mr. Wotherspoon: — Would it be . . .

The Chair: — Wait.

Mr. Cox: — I think I'm next.

The Chair: — Mr. Cox.

Mr. Cox: — I tend to agree with our colleague opposite. There is a lot of issues here, but there's also a lot of health districts, and Mr. Hendricks kind of took the words out of my mouth what I was going to say five minutes ago. But yes, I think if you . . . I don't see any sense in dragging 10 health districts into this meeting. I think Mr. Hendricks can do that. He can write the letter. I don't think 30 days is realistic. We're coming up to year-end for everybody here, time to get letters out. I think his suggestion of June 30th is very adequate and I think that would be sufficient for this committee.

The Chair: — Ms. Ross.

Ms. Ross: — Thank you very much. I also agree with that. I think that it's unrealistic to give the 30 days as has been mentioned. They've got a lot on their plate right now. But also too, I don't think we want to . . . This isn't a knee-jerk reaction. The deputy minister has stated that in fact what he would do would be addressing this individually with each and every CEO of every health region, expressing to them the importance of compliance, and how to clean up some of the outstanding issues that they have not been addressed.

So I think that, as my colleague has said, to bring each and every one in for, you know, a down dressing, I don't think that that's . . . because that's not the role that we play. The role we have is with the deputy minister who is going to be presenting to us. And so I think if he's stated that by June 30th he would be able to give us a fairly comprehensive report, then I would suggest that we continue with that action.

Mr. Wotherspoon: — I'm certainly satisfied with June 30th as a reporting piece. And as far as bringing health authorities before us, it's more in a sense that if these aren't able to be resolved in the end, you know, well noted that the deputy minister is the lead for Health and that in many ways the deputy minister can answer to these pieces as well.

But I also think we shouldn't be dismissive of our important role as a committee in stating the importance of this sort of a report coming back to us. So I think we're all on the same page here, a matter of whether it's 30 days or June 30th. I'm quite comfortable with June 30th.

As far as knee-jerk, certainly knee-jerk isn't responding to recommendations that are on the books from 2004, 2008, or 2009, and it is important for these health authorities to resolve these matters. So certainly I appreciate the deputy minister, on the lead side of government, calling for that information. And certainly I appreciate that it's been committed to here today that that would be provided back to committee members or to this

committee, and the auditor of course, by June 30th.

So thank you to the deputy minister for endeavouring to provide that information. And then from my perspective it just needs to be very clear as well what actions have been taken, what's not resolved, what actions will be taken and when. And when will this be, and what's the timeline towards full implementation? And that allows us then as members to be very focused in our questioning of unresolved matters as well as understanding the associated risks.

So I think we're basically all in agreement here that this needs to be resolved. And I do think it's important though for us to make sure we're making a statement, as Public Accounts members, that we'll be tracking this. So thank you to the deputy minister, and we'll be looking forward to those reports and then subsequent follow-up if needed as a committee.

The Chair: — Mr. Hart.

Mr. Hart: — Yes, thank you, Madam Chair. I certainly agree too that these are, it's important that these outstanding issues be addressed. I think the plan outlined by the deputy minister, I think is certainly acceptable. The committee needs to know what is taking place but also the health authorities need some time to respond to these requests. We can't leave these be in limbo for a long period of time because as the auditor . . . I think everyone around this table agrees there are important outstanding issues here.

I'd just like to ask a follow-up question to perhaps, well perhaps the auditor or the deputy minister, dealing with the accounting firms that audited the health regions' financial records. And dealing with a recommendation of the auditor, no. 1 on page 139, I'm not quite clear, did the accounting firms — and perhaps I'll direct it to the Provincial Auditor — did the accounting firms in their audit, the private accounting firms that are listed on page 138, did they issue adverse opinions as a result of their audit? And is that something that the Provincial Auditor's concurring with? I'm not arguing about the, you know, the legitimacy of the concern. I just, I'm not sure where this came from. I wonder if you could clarify that for me?

[08:45]

Ms. Ferguson: — Thank you. The accounting firms issued what we call a qualified opinion. There's a difference between qualified and adverse. A qualified is everything's okay except for a certain area. So you know, in essence you could say the statements are reliable except for the errors that we've identified for this particular issue. And so that's the type of opinion that they did issue, and that's the type of opinion that's appended to each of those financial statements that have been tabled in the Assembly. And we have agreed with those opinions.

Mr. Hart: — Okay, great. Thank you for clarifying that.

The Chair: — Thank you, Mr. Hart. Just for clarification for moving forward here then, Mr. Hendricks, then by the end of June you'll report back to this committee and to the Provincial Auditor with respect to the outstanding recommendations, the actions that have been taken, what's been resolved, what actions

will be taken for those that are unresolved, and some timelines.

Mr. Hendricks: — That's correct, yes.

The Chair: — In writing.

Mr. Hendricks: — Yes.

The Chair: — Yes. Thank you, Mr. Hendricks. And I believe the committee's on the same page. Thank you. Okay, moving on to . . . Oh, Mr. Moe.

Mr. Moe: — Should we deal with these motions from . . .

The Chair: — Yes, from the 2012 report volume 2, chapter 19. Mr. Moe.

Mr. Moe: — I would like to make a motion or deal with the four motions, I guess, in the 2012 report volume 2, chapter 19. With regards to recommendation no. 1, we recommend that Keewatin Yatthé Regional Health Authority deposit money received from residents of its special care homes in designated trust account as required by *The Housing And Special-care Homes Regulations* under *The Regional Health Services Act*. I would move that this committee concur with this recommendation and note compliance.

The Chair: — So for the 2012 report volume 2, chapter 19, recommendation 1, Mr. Moe has moved that this committee concur with the recommendation and note compliance. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. Mr. Moe.

Mr. Moe: — With regards to recommendation no. 2, we recommend that the Cypress Regional Health Authority adequately segregate duties of its staff who use its financial accounting system. I would move that this committee concur with the recommendation and note progress.

The Chair: — So for the 2012 report volume 2, chapter 19, recommendation no. 2, Mr. Moe has moved that this committee concur with the recommendation and note progress. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried.

Mr. Moe: — And maybe just in the essence of time, I will lump recommendation no. 3 and 4 together. With regards to the 2012 report volume 2, chapter 19, recommendations 3 and 4, I would move that this committee concur with the recommendations and note compliance.

The Chair: — So for the 2012 report volume 2 chapter 19, recommendations 3 and 4, Mr. Moe has moved that this committee concur with the recommendations and note compliance. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried.

Mr. Moe: — Moving on to the 2013 report volume 2, chapter 19, recommendation no. 1, I would move that this Public Accounts Committee concur with the recommendation.

The Chair: — Mr. Moe, for the 2013 report volume 2, chapter 9, recommendation 1, has moved that this committee concur with the recommendation. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Agreed. Carried.

Mr. Moe: — With regards to the same report, 2013 report volume 2, chapter 19, I will put recommendations no. 2 and 3 together, and I would move that this committee concur with recommendations 2 and 3 and note compliance.

The Chair: — Mr. Moe, for the 2013 report volume 2 chapter 19, recommendations no. 2 and 3, has moved that this committee concur with the recommendations and note compliance. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried.

Mr. Moe: — And with the same report, the 2013 report volume 2, chapter 19, recommendation no. 4, I would move that this committee concur with the recommendation and note progress.

The Chair: — For the 2013 report volume 2, chapter 19, recommendation no. 4, Mr. Moe has moved that this committee concur with the recommendation and note progress. Is that agreed? Carried.

Mr. Moe: — And with the same report, 2013 Provincial Auditor's report volume 2, chapter 19, I would put recommendations no. 5, 6, 7, and 8 together, and I would move that this committee concur with recommendations 5, 6, 7, and 8 and note compliance.

The Chair: — So for the 2013 report volume 2, chapter 19, recommendations 5, 6, 7, and 8, Mr. Moe has moved that this committee concur with the recommendation and note compliance. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. Okay. We do have one more item of business here, the next set of reports. I'd like to pass it off to the auditor to give her comments.

Ms. Ferguson: — Thank you, Madam Chair, members and officials. As indicated earlier, I'm going to roll the next seven chapters together to provide you with an update on the recommendations there. These are all . . . The recommendations included in all of these chapters have been previously considered by the committee.

So starting with chapter 43, the 2013 report volume 2, which is on page 347 of our report. This chapter reports the results of our

second follow-up of the Cypress Regional Health Authority on recommendations we made in 2008 to improve its controls, to secure its IT systems and data.

By August 2012, Cypress had implemented two of the recommendations and continued to address the remaining three. It did not have an improved, a complete approved and tested disaster recovery plan. It needed to monitor its IT controls. It needed to configure its IT systems to adequately protect its systems and data.

For chapter 43 in the same report, which begins on page 358, the chapter reports the results of our first follow-up at Heartland Regional Health Authority on three recommendations we made in 2009 to improve its controls to secure electronic data during its disposal of IT and communication equipment.

By August 2012, Heartland had documented its procedures over handling of disposal of IT and communications equipment. While it made progress, it had not yet implemented specific methods for disposing of equipment or removing sensitive data.

Chapter 47, again of the same report, which starts on page 361 reports the results of our first follow-up of the Kelsey Trail Regional Health Authority on seven recommendations we made in 2010 to improve its controls used to maintain its medical equipment. Because Kelsey Trail had cancelled its maintenance equipment with its service provider in March of 2012, one recommendation was no longer relevant. Kelsey Trail now has a contract with various manufacturers and uses its own staff to do this maintenance.

By August 2012, Kelsey had implemented three recommendations and had made progress to the remaining three. It needed to maintain a complete list of medical equipment, eliminate its backlog of maintenance work, and maintain equipment in accordance with the required maintenance standards, and report the results to senior management. For example, on the state of the medical equipment and equipment not maintained in accordance with required standards.

Chapter 48, again of the same report beginning on page 365, reports the results of our first follow-up of P.A. Parkland Regional Health Authority on three recommendations we made in 2011 to improve its processes to secure its IT systems and data.

By May 2012, P.A. Parkland had implemented one recommendation and while it had made progress, it still needs to restrict its physical access to its IT systems and data. For example, it needed to lock its wiring closets. And it needed to complete its documentation of disaster recovery procedures and test its disaster recovery plan.

Moving to the 2013 report volume 1, in chapter 24, which begins on page 285, this reports the results of our first follow-up of Prairie North Regional Health Authority on seven recommendations we made in 2011 to improve its processes to grant hospital privileges to physicians. By March 2013, Prairie North RHA had implemented three recommendations and had partially implemented the remaining four. It needed to complete aligning its processes with practitioner staff bylaws, clarify the

responsibilities of its medical advisory committees through the development of terms of reference, and finish developing requirements for physicians doing special procedures, and also better monitor the physicians' use of medical procedures.

Chapter 42 of the same report, beginning on page 303, reports the results of our first follow-up of Prairie North Regional Health Authority on six recommendations we made in 2011 to improve its processes to protect patients from hospital-acquired infections. By August 2013, Prairie North had implemented four recommendations and had partially implemented the remaining two. Prairie North needed to formalize its processes to monitor and report consistently its key practices to control hospital-acquired infections, and to provide senior management with written analysis of emerging risks based on trends and causes of hospital-acquired infections.

On chapter 26 of the same report, beginning on page 293, this reports the results of our first follow-up of Sunrise Regional Health Authority on three recommendations we made in 2010 to improve its processes to schedule required nursing staff for patient care. We are very pleased to report that by March 2013, Sunrise had implemented all of these recommendations.

That concludes our overview of these seven chapters. Thank you.

The Chair: — Thank you, Ms. Ferguson. Mr. Hendricks, some comments?

Mr. Hendricks: — So just a question. Should I go through . . . Are you wanting me to go through each one of these? Because there are a fair number. Or are there specific questions? I think I probably do . . .

The Chair: — How about I open up the floor for specific questions then. Mr. Cox.

Mr. Cox: — I just wonder, due to the sheer number of these things — we made a recommendation earlier here — could we not ask Mr. Hendricks to do the same thing, to go through these one by one, every one of them, to the appropriate health districts, and bring back a report and see how many of these can be eliminated by June 30th? Does that make sense?

Mr. Hendricks: — If I were to read through them, I think that we would note progress or implementation on several of them, but if it's more expedient to do that in the form of a later report rather than have me read through pages of material about this . . .

The Chair: — Mr. Wotherspoon.

Mr. Wotherspoon: — I mean I would concur and I was going to put the same comments on to the record. I know the challenge here this morning is we only have a few minutes left in our actual meeting. That doesn't mean though that we won't be able to follow up on these recommendations. But I don't know how we do so in a fair way to these recommendations over the few minutes that are left, so I think that aiming . . . Certainly it's important for us to see these recommendations that have been concurred in, to see actions taken so that they're implemented. And you know, I think that the statement we

made earlier as it related to outstanding recommendation applies to all of these recommendations and all that are related to health regions and to health.

And so I would, you know, I think that as long as we're on the same page and have the commitment from government that in that report to us by June 30th that all recommendations that haven't been implemented by health authorities or by government related to health are reported back to us in a concise way as to actions taken, actions to be taken, specific timelines, and timelines to implementation.

And I think we have the ability to focus in on where great risk is, where we, if the case is we don't see adequate actions and then we can decide where we can place our resources as a committee. But I mean I think all the other statements stand that, you know, there's a lot of recommendations here. We know there's lots of good work by our health authorities and, you know, but we do need to resolve these matters and so I look forward to that report and look forward to the health authorities taking the steps they need to resolve these steps and, you know, protect the public.

The Chair: — Mr. Moe.

Mr. Moe: — I concur with those comments and I would move that we conclude consideration of these chapters in light of the information that will be provided to this committee by June the 30th.

The Chair: — Mr. Moe has moved that we conclude consideration of these chapters and in light of seeing what we will see in the report on June 30th or by June 30th. Does the committee . . . Oh, sorry. Mr. Cox.

Mr. Cox: — Just before we vote on that, just for clarity, they will report back to the Provincial Auditor, through her to us. Is that the proper channel?

The Chair: — No. My understanding is that they'll be reporting back to both the committee and to the Provincial Auditor. Yes.

Mr. Moe: — In writing.

The Chair: — Yes. So Mr. Moe has moved that we consider or conclude considerations on this piece here. Okay, just one moment please.

Okay. Mr. Moe, would you like to give that another go with the motion?

Mr. Moe: — I would move that this committee, in light of the report that we will receive by June 30th from the deputy minister of Health, I would move that:

With regards to 2012 Provincial Auditor's report volume 2, chapter 43, chapter 46, chapter 47, chapter 48; the 2013 Provincial Auditor's report volume 1, chapter 24; the 2013 Provincial Auditor's report volume 2, chapter 42; and the 2013 Provincial Auditor's report volume 1, chapter 26, that we conclude these chapters, conclude discussion on these chapters.

The Chair: — Mr. Moe has moved that, in light of the report that will be coming to this committee by June 30th:

That this committee conclude consideration of the following chapters: the 2012 report volume 2, chapter 43; the 2012 report volume 2, chapter 46; the 2012 report volume 2, chapter 47; the 2012 report volume 2, chapter 48; the 2013 report volume 1, chapter 24; the 2013 report volume 2, chapter 42; and the 2013 report volume 1, chapter 26.

Does the committee agree?

Some Hon. Members: — Agreed.

The Chair: — Carried. And I think that concludes our business for the day. So I'd like to move . . . Mr. Tochor moves adjournment.

Mr. Tochor: — I so do.

The Chair: — Okay.

[The committee adjourned at 09:02.]