

STANDING COMMITTEE ON PUBLIC ACCOUNTS

June 11, 1996

MINUTE NO. 10

9:00 a.m. — Room 10

1. **PRESENT:** Mr. Gantefoer in the Chair and Members Aldridge, Flavel, Koenker, Sonntag, Stanger and Thomson

Provincial Auditor's Office

Wayne Strelloff, Provincial Auditor

Fred Wendel, Assistant Provincial Auditor

Robert Black, Director-Value for Money

Ray Bohn, Director

Dale Markewich, Manager

Provincial Comptroller's Office

Gerry Kraus, Provincial Comptroller

Terry Paton, Executive Director

2. The Committee continued consideration of Section J of the *Schedule of Provincial Audit Recommendation (District Health Boards)* and Chapter 9 (*District Health Boards*) of the *Spring 1996 Report of the Provincial Auditor*.

The following Department of Health officials appeared as witnesses:

Witnesses

N. Duane Adams, Deputy Minister

Kathy Langlois, Executive Director, Finance & Management Services Branch

Barry Lacey, Director of Administration, Finance & Management Services Branch

Naomi Mellor, Director of Integrated Financial Services, Finance & Management Services Branch

Lois Borden, Executive Director, District Support Branch

3. The Committee resumed consideration of Part C (District Health Board Financial Management and Accountability Systems and Practices) of Chapter 9 of the *Spring 1996 Report of the Provincial Auditor*.
4. The Committee concurred with the Provincial Auditor's recommendations at paragraphs 9.85 and 9.86, concerning the improvement of District Health Board rules and procedures for monitoring compliance with pre-amalgamation agreements. The Committee noted that the problem has been resolved and District Health Boards are now in compliance with the recommendations.

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5. The Committee concurred with the Provincial Auditor's recommendation at paragraph 9.91, concerning Ministerial approval of the purchase of hospital equipment costing more than a prescribed limit. The Committee took note of the Department's explanation that the approval limit needed revision and that this will be accomplished through passage of Bill No. 76, *The Health Districts Amendment Act, 1996*, which is currently before the Assembly, as well as through the passage of new regulations.
6. The Committee concurred with the Provincial Auditor's recommendation at paragraph 9.94, concerning the timely submission of District Health Board budgets to the Minister. The Committee noted that the government has taken steps to adjust the deadline of budgets through the introduction of Bill No. 76, *The Health Districts Amendment Act, 1996*, so that District Health Boards will be able to comply.
7. The Committee concurred with the Provincial Auditor's recommendation at paragraph 9.99, concerning the authority of District Health Boards to pay the expenses of directors. The Committee noted that an Order-in-Council is now in place, which specifies the pay and expenses of boards of directors.
8. The Committee concurred with the Provincial Auditor's recommendation at paragraph 9.105, concerning the lack of authority for District Health Boards to make investments in mutual funds. The Committee noted that the Department of Health expects the issue to be resolved in the course of its Financial Management Review.
9. The Committee concurred with the Provincial Auditor's recommendation at paragraph 9.108, concerning the compliance of District Health Boards with the *Housing and Special Care Home Regulations* which stipulate that residents' money must be kept in a separate bank account. The Committee noted that the problem existed with only two District Health Boards, of which one has already complied and the Department of Health has taken steps to ensure the other complies with the regulations.
10. The Committee concurred with the Provincial Auditor's recommendation at paragraph 9.112, concerning the compliance of District Health Boards with pre-amalgamation agreements which require that separate bank accounts be established for community trust funds. The Committee noted that the problem existed with only two District Health Boards, of which one has now complied and the Department of Health has taken steps to ensure the other complies with the recommendation.

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11. The Committee concurred with the Provincial Auditor's recommendation at paragraph 9.117, concerning incorrect charges made to residents of special care homes. The Committee noted that the problem was limited to a single District Health Board and the Department of Health has committed to follow-up and resolve the matter through its Financial Management Review.
12. In consideration of the Provincial Auditor's recommendation at paragraph 9.120, concerning monthly reports by District Health Board on hospital financial transactions and services, the Committee agreed with the Department of Health that reporting should be done on a quarterly basis. The Committee noted that the monthly reporting requirement will be repealed by Bill No. 76, *The Health Districts Amendment Act, 1996*, which is presently before the Assembly. The Committee also noted that the Department of Health presently requires quarterly reporting from District Health Boards.
13. The Committee concurred with the Provincial Auditor's recommendation at paragraph 9.134, concerning the timely submission of audited financial statements to the Minister of Health. The Committee took note that timeliness was greatly improved in 1996 and progress is being made to ensure full compliance.
14. In consideration of the Provincial Auditor's recommendation at paragraph 9.135, concerning Treasury Board approval of financial statements before public release, the Committee agreed to make the following recommendation:

The Department of Health and Department of Finance work together to clarify the approval process for financial statement formats and communicate the process to the District Health Boards.
15. The Committee concurred with the Provincial Auditor's recommendation at paragraph 9.136, concerning the provision of information to the Minister and public on the health status of residents and effectiveness of programs. The Committee noted the Department's response that in future reports will be prepared on the basis of program areas and should contain the type of information sought in the recommendation.
16. The Committee concurred with the Provincial Auditor's recommendation at paragraph 9.141, concerning the establishment of proper records of capital assets, and noted that all the District Health Boards have now complied.

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17. The Committee concurred with the Provincial Auditor's recommendation at paragraph 9.146, concerning the inclusion in financial statements of a comparison of the budget plan and actual results. The Committee noted a format guideline for statements has been devised by the Department of Health for use by the District Health Boards.
18. In consideration of the Provincial Auditor's recommendation at paragraph 9.149, the Committee considered whether District Health Boards should be required to provide a list of payees to the Legislative Assembly and the public. The Committee noted that some District Health Boards have a concern about the necessity and cost of preparing such lists. The Committee agreed to the following recommendation:

The Department of Health consult with the District Health Boards on the issue of preparing lists of payees and the government report the results of the consultation to the Standing Committee on Public Accounts.

19. The Committee initiated consideration of Part D (District Health Board Annual Reports) of Chapter 9 of the *Spring 1996 Report of the Provincial Auditor*.
20. The Committee noted the Provincial Auditor's recommendation at paragraph 9.08, concerning the development of guidelines for District Health Board annual reports, and agreed to the following recommendation:

The Department of Health work with the District Health Boards to develop guidelines for annual reports.

21. The Committee concurred with the Provincial Auditor's recommendation at paragraph 9.09, concerning the public release of District Health Boards annual reports within three months after the end of the fiscal year. The Committee noted that progress is being made in this regard and the District Health Boards are endeavoring to comply with the Auditor's recommendation
22. The Committee concluded consideration of Section J of the *Schedule of Provincial Audit Recommendation (District Health Boards)* and Chapter 9 (*District Health Boards*) of the *Spring 1996 Report of the Provincial Auditor*.

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23. The Committee agreed to next meet on June 13th to consider a draft report to the Assembly. It was moved by Mr. Flavel:

That this Committee do now adjourn.

The question being put, it was agreed to.

24. The Committee adjourned at 9:47 a.m. until June 13th, 1996.

Gregory A. Putz
Committee Clerk

Rod Gantefoer
Committee Chair