



# Yukon Health Services and Programs—2011

Department of Health  
and Social Services



Office of the Auditor General of Canada  
Bureau du vérificateur général du Canada

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Auditor General of Canada  
Vérificatrice générale du Canada

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To the Honourable Speaker of the Yukon Legislative Assembly:

I have the honour to transmit herewith my report on Yukon Health Services and Programs—Department of Health and Social Services to the Yukon Legislative Assembly in accordance with the provisions of section 35 of the *Yukon Act*.

Yours sincerely,

A handwritten signature in cursive script that reads "Sheila Fraser".

Sheila Fraser, FCA  
OTTAWA, 15 February 2011



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# Yukon Health Services and Programs

## Department of Health and Social Services

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### Main Points

#### What we examined

The Yukon Department of Health and Social Services is responsible for delivering health and social programs and services to people in Yukon. In 2009–10, the Department spent \$148 million on health services and \$109 million on social services, continuing care, and corporate services.

We examined the Department's planning processes and the way it manages its health programs and services. We specifically focused on the diabetes and alcohol and drug services programs as examples. Audit work for this chapter was substantially completed on 15 September 2010.

#### Why it's important

Virtually every person in Yukon will access the health care system several times during their lives. As in all Canadian jurisdictions, increasing costs and changing demographics in Yukon mean that health care is taking a greater percentage of the Government's overall expenses. This requires that the Department of Health and Social Services make informed decisions on how to prioritize the use of the resources under its control. The Department has started to make a transition to more formal management systems and processes.

#### What we found

- The Department has begun implementing a strategic planning and risk management process, but these are at the early stages. It has not identified its most important health priorities and has not started to set targets for health outcomes, nor has it developed key health indicators. This means that it cannot assess whether it is providing the right programs and services and allocating resources optimally. In addition, the Department has carried out a demographic analysis of its workforce and has reported that 20 percent of employees could retire in the next 5 years. However, it does not have a human resource plan to guide it so that it will have the health care professionals it needs now and in the long term.

- The Department does not have a comprehensive health information system to collect complete and accurate health data. It uses several systems for health information purposes that do not interface with each other, and the Department does not integrate this information. In some cases, the data the Department collects is incomplete. As a result, the Department does not have a comprehensive view of the health needs of its population and is unable to determine whether changes should be made to programs and services. In addition, it could be making strategic decisions based on incomplete information.
- Program monitoring and evaluation are weak, so it is not clear that programs are having the expected impact. In fact, given that it has not yet set measurable objectives or targets for its programs, it is not clear what impact the Department expects. Furthermore, as the Department is not required to table annual reports in the Legislative Assembly, the Assembly lacks the information to assess how the Department is doing against its strategic and business plans and whether it has made progress in improving health outcomes for Yukoners.

***The Department and the Government of Yukon have responded.***  
*The Department and Government agree with the recommendations. Their detailed responses follow each recommendation throughout the report.*

## Introduction

### Changing health care needs

1. The health care context is evolving and changing nationwide. A number of issues affect the sustainability of the health care system—both now and in the future—including

- an aging population,
- an increasing incidence of chronic diseases,
- advances in technologies and pharmaceuticals,
- human resource capacity challenges,
- rising costs of service delivery, and
- more expensive medications.

These factors will increase the pressure on Yukon’s Department of Health and Social Services as it attempts to manage Yukon’s health care system. Managing the system will involve balancing costs and availability of services.

2. Several factors make the delivery of health care challenging. Yukon is a small jurisdiction; the population as of 31 December 2009 was about 34,150. However, the region faces geographic challenges. While the majority of Yukoners live in Whitehorse, about 8,500 of Yukon’s population live in small, remote communities. The Department, like other jurisdictions in Canada, also faces demographic challenges. The Yukon Bureau of Statistics reported an 8.1 percent increase in population since 2005. The 50+ age group, comprising 31.9 percent of the population, increased by 23.5 percent between 2005 and 2009. The Bureau also forecast that this age group could increase to 35.4 percent of Yukon’s population by 2018. As the incidence of chronic conditions increases with age, this will have an impact on the cost and delivery of health care.

3. According to the 2010 Statistics Canada Community Health Survey, Yukon fared better than Canada as a whole in 15 of 57 health indicators, including high blood pressure, influenza immunization, and contact with a medical doctor in the past 12 months. However, Yukon is behind the Canadian average in several other key health indicators, such as life expectancy, infant mortality, smoking, obesity, heavy drinking, unintentional injuries, suicides, and self-inflicted injuries. Data was not available for 8 of the 57 indicators.

**Moving average**—A set of averages taken over a series of overlapping time periods that serves to reduce short-term fluctuations and highlight more stable longer-term trends.

4. Yukon is home to 14 First Nations and Aboriginal peoples who make up about 25 percent of Yukon’s population. Aboriginal people experience some of the most significant health disparities in Canada. In 2006, the Yukon Bureau of Statistics reported that the 10-year **moving average** life expectancy is shorter for the Aboriginal population than for other Yukoners. Aboriginal men were expected to live an average of 8.8 fewer years than their non-Aboriginal counterparts, and Aboriginal women an average of 7.3 fewer years than non-Aboriginal women. Nevertheless, from 1994 to 2006, life expectancy increased 4.6 years for Aboriginal men and 3.2 years for Aboriginal women.

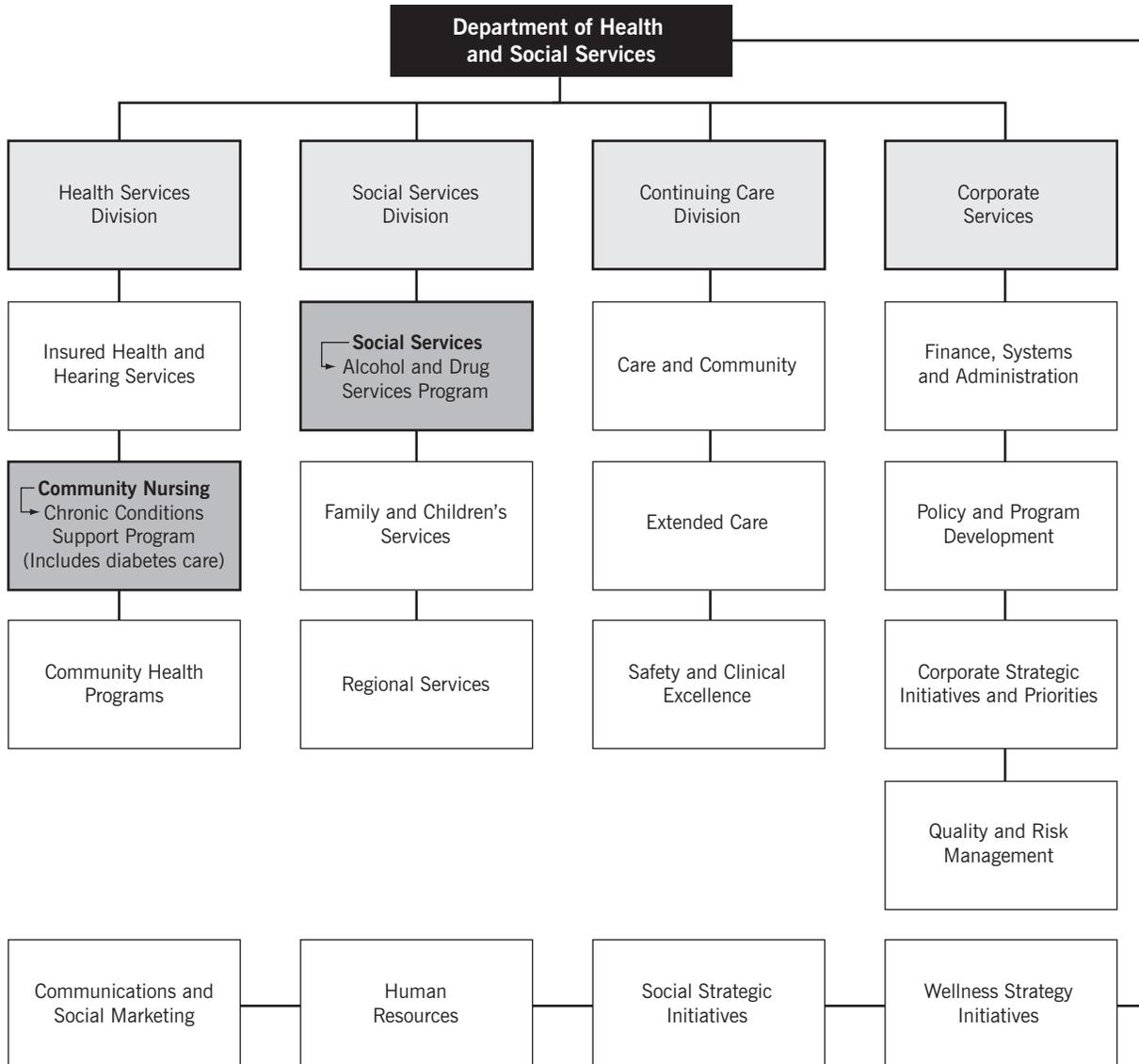
#### **Mandate and responsibilities**

5. The Department of Health and Social Services has overall responsibility for providing health and social services and programs to Yukon residents. Yukon’s *Health Act* states that the “primary objective of Yukon’s health and social services policy is to protect, promote, and restore the well-being of residents of the Yukon in harmony with the physical, social, economic and cultural environments in which they live and to facilitate equitable access to quality health and social programs and services.”

6. The Whitehorse General Hospital has provided acute care services to residents of Yukon since 1901. It was transferred from Health Canada to the Government of Yukon, which then transferred it to the Yukon Hospital Corporation in 1993.

7. In the rural regions, there is one small hospital in Watson Lake, and most communities have health centres staffed by nurses and social service offices staffed by social workers. New hospitals in Watson Lake and Dawson City are under construction. Physicians and dentists visit communities for a few days at a time, on a rotating basis. The Department has recently implemented new medical information technologies such as telehealth and Yukon HealthLine (811). They are currently in the process of planning for electronic health records and of training staff to enable the use of digital imaging to relay x-rays from remote communities to physicians in larger centres for faster diagnosis (teleradiology).

Exhibit 1 Yukon Department of Health and Social Services



**Spending on health care**

8. For 2010, per capita spending on health care in Yukon was forecast by the Canadian Institute for Health Information to be the third highest in Canada. The total forecast public sector expense per capita for Canada was \$3,957. In Yukon, this amount was \$6,304; in the Northwest Territories it was \$7,700 and in Nunavut it was \$11,593.

9. Health and Social Services is the largest department of the Government of Yukon, accounting for 29 percent of the Government's total expenses. In the 2009–10 fiscal year, the Department spent \$148 million on health services and \$28 million on continuing care. Total health services expenses have grown by 47 percent over the past five years.

10. The Department provides insured health services—such as hospital services, physician services, and surgical-dental services—as defined by the *Canada Health Act*, pursuant to the *Yukon Health Care Insurance Plan Act* and *Hospital Insurance Services Act*. Insured health and Yukon Hospital Corporation costs for the 2009–10 fiscal year totalled \$105 million. The Department also provides non-insured services through the *Travel for Medical Treatment Act*, and through various regulations under the *Health Act*. Examples include medical travel, chronic disease and disability benefits, seniors health benefits (such as Pharmacare and extended health), and continuing care.

11. The Government of Yukon is concerned about the rising costs of providing health care. As a result, the Government commissioned the 2008 Yukon Health Care Review. The review reported that the growth in health care expenditures as of 2007 could exceed the growth in Government of Yukon revenues by as much as \$250 million by 2018. The review identifies opportunities for changes in health care delivery models, policy and regulations, procurement activities, technology, opportunities of an administrative nature, and governance and accountability. To close the funding gap, the review recommended that the Department consider implementing user fees and health care premiums. The Government has taken a position that it will not impose user fees or premiums.

12. From time to time, the Government of Canada makes targeted funding available to the provinces and territories to improve selected components of health care. For example, the Territorial Health System Sustainability Initiative provided over \$40 million to Yukon from fiscal years 2005–06 to 2009–10 to help address the unique challenges facing the development and delivery of health care services in the North and to offset costs associated with medical transportation.

13. The Department has a number of programs and services to facilitate health care delivery to Yukoners. We selected two programs to review: diabetes, which is part of the Chronic Conditions Support Program, and alcohol and drug services.

14. **Diabetes.** We selected diabetes because it can lead to serious complications such as heart disease, kidney failure, blindness, and lower limb amputation. People with diabetes have a mortality rate twice as high as those without this condition.

15. Health Canada reports that the prevalence of Type 2 diabetes in some First Nations populations is three to five times the national rate, indicating that diabetes may be a larger issue in Yukon because a high percentage of its population include First Nations and Aboriginal peoples. Diabetes costs the Canadian health care system about \$9 billion per year.

16. **Alcohol and drug services.** The other program we selected for review is alcohol and drug services, which is a responsibility of the Social Services branch. According to the Statistics Canada 2009 Canadian Community Health Survey, 28.4 percent of Yukon's population are heavy drinkers, compared with 17.2 percent of the Canadian population. Alcohol is a contributing factor in more than 65 different medical conditions, ranging from injuries to long-term health conditions such as cancer, cardiovascular disease, and a variety of mental illnesses.

17. Nationwide, in 2002, the most recent year for which the financial information is available, alcohol-attributed illness accounted for approximately 1.6 million days of acute care in hospital. Costs for this totalled some \$1.5 billion in acute care hospital days and \$3.3 billion in direct health care costs to the Canadian economy. The Department spends about \$4.1 million on the alcohol and drug services program.

#### **Focus of the audit**

18. We examined whether the Department regularly identifies health priorities and develops or modifies programs and services accordingly. We also looked at whether it monitors the delivery of programs and services, and measures and reports on their performance and results. In addition, we examined whether the Department incorporates strategic planning and risk management in the delivery of health programs and services. We selected two programs to review—diabetes and alcohol and drug services. In carrying out the audit, we interviewed departmental staff and reviewed available documentation.

19. More details on the audit objective, scope, approach, and criteria are in **About the Audit** at the end of this report.

## Observations and Recommendations

### Setting direction for the health system

#### The Department is putting planning processes in place

20. The planning process allows an organization to focus on its future direction. It helps an organization set priorities and goals and develop a strategy to meet those goals. It also helps an organization assess how resources are to be allocated and gives it the scope to adjust its direction in response to change.

21. We examined whether the Department has processes in place for strategic planning, business planning, and risk management that identify the most important health priorities, and whether it produces strategic and business plans with specific measurable goals and objectives. The Department needs to set goals to be able to demonstrate that it is delivering on its mandate under the *Yukon Health Act*. We also examined the alignment of the planning documents, which is important in order for the Department to provide its staff with clear and consistent direction.

22. **Strategic plans.** The Government of Yukon's Financial Administration Manual requires each department to have a strategic plan to guide its activities and facilitate accountability. Strategic planning includes establishing the Department's objectives and priorities, including levels and quality of services and analysis and selection of alternatives for achieving objectives.

23. We found that the Department has a five-year strategic plan. The 2009–2014 strategic plan identifies the Department's strategic goals, objectives, strategies, mission, and vision. However, we found that the plan's goals and objectives are not measurable. Nor does the Department identify standards for the level and quality of services or prepare an analysis and selection of alternatives as required by the Financial Administration Manual.

24. The strategic plan identifies external stakeholders, but the Department does not communicate with all of them consistently. We found that the roles and responsibilities of key stakeholders, such as First Nations and Aboriginal groups, are not clearly defined. Better communication between these parties is important to ensure

that they work together to generate plans for a better overall health status for First Nations and Aboriginal peoples.

**25.** The Department has identified many health priorities in its planning documents but has neither ranked them nor produced plans to address them that include resources, timelines, and targets. As a result, it is not clear which priorities are critical and what the Department will do to address them.

**26. Business plans.** The Government of Yukon planning process requires that the Department prepare a department plan and **Main Estimates** annually. The Financial Administration Manual states that departments must review and update their department and program objectives through an annual department plan.

**27.** We found that the Department prepares annual department plans that identify its vision, mandate, responsibilities, values, strategic goals, objectives, and activities. In addition, a year-end status report on the department plan is prepared by the Deputy Minister.

**28.** However, we found that the mandate, goals, and objectives in the key planning documents—strategic plan, department plan, and Main Estimates—are not consistent. The Department is following Government direction in preparing these documents, but clearer alignment of the terms in the documents is required. For example, goals vary among the documents and objectives differ between the strategic plan and Main Estimates. The Department is in the process of aligning the strategic plan to the branch and unit level as well as individual employee plans. Alignment of planning documents is important to ensure that departmental staff has clear and consistent direction.

**29. Business case analyses.** The Government of Yukon's Financial Administration Manual requires each department to include in its department plan an analysis and selection of alternatives for achieving the objectives set out in its strategic, business, and/or operational plans. We examined whether the Department prepares business cases to ensure that it selects the most efficient and economical way of delivering services among the alternatives considered.

**30.** We found that the Department does not prepare business case analyses on a regular basis. When business cases are prepared, they provide the Department with insightful analyses that can be used to support alternatives to current health care delivery models. For instance, we reviewed the business case for implementing a magnetic resonance imaging (MRI) program in Yukon. Currently, the majority of Yukon residents who require MRI scans receive them in B.C. or Alberta.

**Main Estimates**—The Government of Yukon's Budget, which is a formal financial plan that

- reflects the Government's objectives,
- discloses the amount and sources of funds the Government will receive and the proposed expenses of the Government by department, and
- provides a basis for authorizing expenses and provides a framework for monitoring and evaluating performance.

The analysis was based on the current costs paid by the Yukon Insured Health Services for Yukon residents to receive MRI scans out of the territory. It then compared these costs to the cost of implementing an MRI program in Whitehorse. The analysis also considered additional risk factors, such as the difficulty of recruiting and retaining imaging technologists and the lack of room to implement this program at the Whitehorse General Hospital medical imaging department. As a result, the Technical Review Committee recommended that the Yukon Hospital Corporation acquire an MRI unit. The Yukon Hospital Foundation is currently in the process of fundraising for the unit.

**31.** In the absence of business case analyses such as this, there is a risk that the status quo will continue and projects or programs that could reduce costs or enhance services will not be implemented.

**32. Risk management.** We examined whether the Department has a risk management framework in place that identifies, measures, mitigates, and reports significant risks to achieving its goals and objectives. Risk management helps a department allocate resources at a level appropriate to the nature of risks to its operations. The Department's risk management guidelines indicate that performance measures should be established for key department, branch, and program level objectives.

**33.** We found that the Department has established a risk management framework and a risk register. It has identified risks, assessed risks, identified mitigation plans, and established risk management policies. Examples of risk areas identified by the Department include service planning and evaluation, contracting and transfer payments, quality of health and social services, governance, information management, financial management, and attracting and retaining employees.

**34.** While a risk management structure is in place, the data limitations we identify in this report mean the Department's risk assessment decisions may be based on insufficient information. In addition, performance measures have not been established. This could affect the Department's efforts to adequately identify, assess, and mitigate risks.

**35. Recommendation.** The Department of Health and Social Services should develop and report on performance measures and ensure that risk assessments are based on sound information. In addition, it should develop business cases on a more regular basis.

*The Department's response.* Agreed. The Department is committed to continued participation on the Government of Yukon Interdepartmental

**Risk management**—Practices that a department uses to manage the uncertainty of future events and the potential impact of identified risks.

*working group on the implementation of strategic planning and the development and reporting of performance measurements.*

*Insufficient data will continue to be identified as a risk. The Department will conduct business case analyses on all new initiatives and risk analysis where required, to identify alternatives where appropriate.*

**36. Recommendation.** The Department of Health and Social Services should rank its health priorities, set timelines and targets for addressing them, and identify the resources required.

**The Department's response.** *Agreed. While priorities were not ranked formally at the time of the audit, the Department's top two strategic priorities are the development of both the new Wellness Strategy and Social Inclusion and Poverty Reduction Strategy. The Social Inclusion and Poverty Reduction Strategy is scheduled to be completed this summer. Work on the Wellness Strategy has just recently begun with a target completion date of March 2013. Other priorities are identified in the Department's strategic plan.*

*The operational priorities will be determined by considering government direction, emerging issues, and budget considerations. Part of the prioritizing will include risk assessments of activities contemplated and using key indicators (for example, increasing aging population, increases in obesity, vacancy rates) to allow for more informed decisions. The Department's priorities may shift in response to the urgent health needs of Yukoners, such as last year's H1N1 response, or following direction provided by the Minister and Cabinet.*

### **Human resource planning is incomplete**

**37.** For the 2009–10 fiscal year, the Department had 874 full-time equivalent employees at an annual cost of \$74 million. Of these, 212 work in the Health Services Division (\$20 million), 283 in the Continuing Care Division (\$22 million), 325 in the Social Services Division (\$27 million), and 54 in the Corporate Services Division (\$5 million).

**38.** An August 2010 departmental report states that, using an average retirement age of 60, 20 percent of the Department's workforce could retire in the next 5 years.

**39.** We looked at whether the Department has a human resource plan and whether there are strategies in place to manage its human resources and meet current and long-term staffing needs.

**40.** We interviewed departmental staff and reviewed human resource policies, procedures, and processes. In addition, we collected and

reviewed relevant statistics and information from the Department and other public sources.

41. We found that the Department has human resource policies and procedures in place and has carried out a demographic analysis, which includes the Department's age profile, years of service, and employment type. In addition, the Department is preparing a "Framework for health and social services human resources planning." However, it does not have a corporate human resource plan to manage current and future human resource needs.

42. A human resource plan is critical to ensure that the Department will have the number and mix of health care professionals it needs to provide Yukon residents with health care now and in the long term.

43. **Recommendation.** The Department of Health and Social Services should prepare a human resource plan.

*The Department's response.* Agreed. As indicated in the report, the Department has drafted a framework for a human resource plan. When complete, the plan will address succession planning, mentorship, and recruitment and retention. Work is well under way, and a draft plan is scheduled to be completed in the next six months, for consideration by the Deputy Minister.

#### **The Department has not established key health indicators and targets for health outcomes**

**Health indicators**—Standardized measures for comparing health status and health care system performance used to measure progress against benchmarks.

**Health outcomes**—A change in the health status of an individual, group, or population that is attributable to a planned intervention or series of interventions.

44. The Government of Yukon's Financial Administration Manual requires that departments measure performance as a key component of the accountability structure.

45. Measuring and monitoring health outcomes using health indicators, such as life expectancy and chronic disease rates, helps the Department understand more about the health of the population and the impact of health services it provides. This information assists individuals, governments, and health care providers to make better decisions as to how health care dollars should be spent and how services to the public can be improved.

46. We reviewed whether the Department has established targets for key health indicators and health outcomes. We also reviewed whether it monitors and compares planned and actual results and analyzes gaps in targets, indicators and health outcomes for Yukoners and major population sub-groups. We interviewed departmental staff and

examined legislation, Government of Yukon and departmental policies and procedures, and internal and external reports.

**47.** Health indicators have been used in Canada for the past 10 years. As part of a national effort, Yukon reported against a set of health indicators in 2002 and 2004 as did all other jurisdictions in Canada. The Medical Officer of Health also cites several health indicators in his Yukon Health Status Report. However, the Department has not established either key health indicators or targets for them. We also found that it has not established targets for health outcomes. Therefore, the Department cannot compare targets to actual health outcomes or to actual health indicator results.

**48.** Without establishing key health indicators and benchmarks for them, or target health outcomes for Yukon and key population groups, such as First Nations and Aboriginal people or communities outside of Whitehorse, the Department cannot assess whether it is making satisfactory progress in these areas, whether it has the right programs and services in place, and whether resources have been allocated properly.

**49. Program performance measurement.** The Government of Yukon's Financial Administration Manual requires that departments measure performance as a key component of the accountability structure. It requires program delivery managers to establish performance indicators that can be used by themselves and with others to assess overall performance of program delivery. In addition, a program needs to have targets and measurement processes in place in order to determine progress.

**50.** We examined whether the Department has established indicators and outcomes for the programs we reviewed. In addition, we examined whether the Department has processes in place to measure the performance of diabetes and alcohol and drug services programs. We reviewed departmental documentation and conducted interviews with staff.

**51.** We found that there are no indicators, outcomes, or measurement processes in place for either the diabetes or the alcohol and drug services programs. As a result, the Department cannot monitor performance, assess the progress of programs, or report on their effectiveness. This means that the Department cannot determine whether these programs and services are meeting the needs of Yukoners.

**52.** The results of a 2005 Government initiative for acutely intoxicated persons illustrate the risk of overlooking performance measurement. In 2005, in recognition of the health, social, and

economic costs of alcoholism, the Government committed to the Substance Abuse Action Plan with four strategic directions: harm reduction, prevention and education, treatment, and enforcement. The action plan was carried out by the departments of Justice, Health and Social Services, Education, and Community Services; the Women's Directorate; and the Yukon Liquor Corporation. A 2009 status update report concluded that the Department of Health and Social Services carried out most of the activities it had committed to. However, the action plan did not have targets, goals, performance measures, or evaluation requirements. Consequently, the effectiveness of the Substance Abuse Action Plan could not be assessed.

**53. Recommendation.** The Department of Health and Social Services should develop key health indicators and benchmarks for them as well as quantifiable health outcome targets. It should then compare benchmarks and targets with actual indicators and outcomes for Yukoners and major population sub-groups and analyze any gaps to determine what needs to be done to close the gaps.

The Department should identify performance indicators, targets, and measurement processes for its diabetes and alcohol and drug services programs.

*The Department's response.* Agreed. The Department will work toward developing key health indicators and outcomes specific to Yukon as well as setting reasonable targets and benchmarks where comparable data is available within the next 18-24 months.

#### **Departmental health data collection and analysis is inadequate**

**54.** The Department must be able to compile, analyze, and interpret data on its programs, services, and clients to effectively manage its activities. Information about programs, services, and the population in general (for example, health status) is critical for the Department to determine whether the programs and services are meeting the needs of the population. Such information helps policy makers decide whether programs are effective and whether to enhance, discontinue, or otherwise modify a program. In addition, without this information the Department will not be able to effectively establish health outcome targets and measure the health indicators.

**55.** We found that the Department does not have a comprehensive health information system to collect and report complete and accurate health data. The Department has several systems that it uses for different purposes. We noted that the Department's systems aren't

compatible with each other and the Department does not integrate this information. We also found that in some cases, the data that the Department collects is incomplete. The main system used by the Department is the Claims Processing System. One potential source of information on diseases and health conditions is the physician bills from the Claims Processing System. Although mainly used to process physician payments based on a fee-for-service schedule, the system can also record codes in accordance with the World Health Organization's International Classification of Diseases (ICD) codes. Under the ICD system, health conditions can be classified using pre-established unique codes.

**56.** Yukon is one of four jurisdictions in Canada that do not require ICD codes to be filled in and submitted by physicians. As using the codes is not mandatory, the diseases and health conditions related to many doctor visits may not be classified. We found that over the past three years, physician claims without an ICD code averaged 51.8 percent of 222,800 visits a year. The Department is not taking advantage of a system that could provide it with a more accurate source of information. Requiring the use of the ICD code would provide the Department with valuable information to help determine the health needs of the population and to develop health priorities and health programs.

**57.** The Whitehorse General Hospital also has systems and processes in place to enter ICD codes for hospital admissions and does so for the purpose of reporting to the Canadian Institute for Health Information. The ICD code information is used from time to time by the Yukon Hospital Corporation to provide responses to information requests from various internal and external sources. However, the codes are not broadly or consistently used by either the Corporation or the Department for gathering and analyzing information about diseases or health conditions in Yukon. In addition, information such as ICD codes from Watson Lake Hospital is not reported to the Canadian Institute for Health Information.

**58.** The Department's March 2006 Multi-Year Information Management and Technology Plan stated that a top opportunity for information management was "to integrate community health and acute health information into a single system, including the ability to have access to information across all communities." One way many jurisdictions are trying to better manage health information is to transition from paper to electronic health records. Implementing electronic health records has been slow in Yukon as it has been in other Canadian jurisdictions due to high costs, system integration issues, and ensuring confidentiality of individual health records.

**59.** The Department has contracts with physicians to deliver medical services in communities without resident doctors. These contracts specify the level of services to be provided and require physicians to report their activities to the Department. The Department does not compile, analyze, or use this information to improve programs and services in the communities.

**60.** In light of the gaps we identified in health data collected by the Department, there is a risk that management may make strategic decisions based on incomplete information.

**61.** We also examined the information collected for diabetes and alcohol and drug services programs. The Department needs to collect, monitor, and report appropriate data on the delivery of its programs in order to improve program delivery to better utilize its resources.

**62. Diabetes.** We found that the Department does not collect diabetes data on the communities because it has no systematic way of identifying the number of patients within the communities that require diabetes care.

**63.** Health Canada reports indicate that First Nations people are three to five times more likely to experience Type 2 diabetes than the national average. Other reports indicate that diabetes is now considered an epidemic in the Aboriginal communities. Consequently, diabetes could be a bigger problem in Yukon than the provinces because a higher proportion of First Nation and Aboriginal people (25 percent) live in the territory.

**64.** Diabetes data is provided to the Public Health Agency of Canada from the Yukon Hospital Corporation, and where the data is identified, by the Department from the Claims Processing System. The Agency publishes diabetes data for all provinces and territories in the Report from the National Diabetes Surveillance System. The 2009 report states that Yukon's diabetes rate (using 2006–07 data) was 5.5 percent compared to 5.2 percent for the rest of Canada. Since Yukon physicians are not required to use ICD codes (see paragraphs 55-57) and the Department does not collect all community-based diabetes data, the diabetes data is incomplete, and the diabetes rate may be understated. Unless the Department knows how many people have diabetes and how many are susceptible to it, it cannot determine if it is delivering the right programs and services to treat those with diabetes and those with a higher risk of getting the disease.

**65.** We found that none of the Chronic Conditions Support Program or diabetes care activities are formally monitored or reported to the Department's senior management.

**66. Alcohol and drug services.** We found that the Department does not regularly collect, compile, or analyze data on the client base that uses its alcohol and drug services. The 2005 Yukon Addiction Survey was one of two reports prepared since 1990 on alcohol and illicit drug addiction. This report focused on drug and alcohol abuse rates and was based on a telephone survey of the general population and a subset of high-risk individuals. The other was a 2008 report entitled *Improving Treatment and Support for Yukon Girls and Women with Substance Use Problems and Addictions*, which surveyed Government of Yukon employees on the challenges facing this population segment.

**67.** The alcohol and drug services program staff used to report to the Department's senior management through the quarterly Program Report. This document provided a brief overview of the program's activities and output statistics such as out-patient case load, number of counselling hours, inpatient program attendance, and detoxification services admissions. However, the Program Report has not been prepared since December 2009 and the Department does not have a formal reporting policy.

**68.** During our audit, the Yukon Hospital Corporation provided data to us on the 2009–10 drug and alcohol admissions to the Whitehorse General Hospital emergency room. According to the Corporation, there was a total of 1,744 alcohol-related emergency room admissions, or an average of 4.8 admissions per day. The 1,744 visits represented 679 individuals, indicating that some visits were by repeat clients. Some clients were heavy users of the emergency room, with 22 clients accounting for 567 or 33 percent of the admissions. Three individuals were admitted 60 or more times, which is more than once a week. The statistics are similar for illicit drug use. There were 216 drug-related emergency room visits in 2009–10, representing 155 individuals. This information was not provided to the Department, and the Department did not request this data from the Corporation in order to determine what it might be able to do to assist these high-risk individuals.

**69. Recommendation.** The Department of Health and Social Services should develop a comprehensive health information system that allows the Department to collect and report on complete and accurate health data from all available sources.

*The Department's response.* Agreed. A comprehensive health information reporting system is required, although at present, the Department lacks the resources to undertake such an endeavour. The Department will commit to initiating a review, within the next six months, of all available health data,

*including information specific to diabetes and alcohol and drug-related problems to determine what information can be used currently.*

*As of January 2011, the Department hired an E-Health Director whose specific role is to oversee the Yukon's electronic health record initiatives as per the Canada Health Infoway mandate.*

**70. Recommendation.** In collaboration with physicians, the Department of Health and Social Services should establish compulsory International Classification of Diseases coding.

*The Department's response.* Agreed. The Department will work with physicians to explore the possibility of establishing mandatory International Classification of Diseases (ICD) coding of all claims submitted for payment. A complete review of the implications of requiring ICD coding will be initiated in the next fiscal year.

**71. Recommendation.** The Department of Health and Social Services should collect data on diabetes and alcohol- and drug-related health problems. This data should then be used to determine how the Department's programs and services are affecting those individuals and if any changes to the programs should be considered.

*The Department's response.* Agreed. Within the next fiscal year, the Department will develop a formal reporting policy to ensure that regular program data reporting includes performance indicators common to all programs. This will enable the Department to consider the impact of the data on the Departmental priorities as well as enable the evaluation of programs to be evidence-based. The Department also plans to work with the Yukon Bureau of Statistics to develop trend analysis data that will better address priorities and funding pressures.

**Establishing, measuring, and monitoring programs**

**Program objectives are not specific and measurable**

**72.** The Government of Yukon's Financial Administration Manual requires departments to establish program objectives to identify, in general terms, the clients to be served and the services to be provided.

**73.** We examined whether the Department had measurable objectives against which it could measure performance for the programs and services we selected.

**74. Diabetes.** Diabetes care has been provided as part of primary health care in Whitehorse and the communities for many years. It has been included as part of the Chronic Conditions Support Program

since 2004. The purpose of the program is to provide innovative, effective programming and care management for people with a chronic disease.

**75.** We found that the diabetes program objectives—that is, the objectives of the Chronic Conditions Support Program—are stated in terms too general to allow for measuring results:

- deliver effective and efficient chronic care;
- establish roles, responsibilities, and care pathways;
- promote clinical care that is consistent with scientific evidence;
- develop mechanisms to ensure privacy and confidentiality of patient information;
- prepare and support patients to manage their chronic conditions; and
- provide peer support to promote and sustain patient self-management.

**76.** The program objectives identify clients to be served and services to be provided. We found that the Chronic Conditions Support Program has prepared a vision, a mission, and goals, but not a mandate.

**77. Alcohol and drug services.** The mission statement of the Department’s alcohol and drug services program is to assist individuals and communities in reducing the harmful effects of alcohol and other drugs by providing quality addiction services. The program aims to provide a continuum of addiction services with its non-medical detoxification, treatment, preventative, and community outreach services.

**78.** We found that the alcohol and drug services program has identified a vision, a mission, goals, and a mandate. However, there are no program objectives.

**79. Recommendation.** The Department of Health and Social Services should establish measurable objectives for its programs.

*The Department’s response.* Agreed. As an example, the Continuing Care Branch within the Department has completed the process of developing measureable objectives and indicators. The Branch has also completed and achieved certification (2009–2012) through Accreditation Canada for meeting national standards of excellence in quality care and service.

*Alcohol and Drug Services is in the process of establishing measurable objectives and evaluation criteria.*

*The Department proposes to use the results of this work as a framework to assist in developing department-wide performance measurements and evaluation criteria. However, limited resources preclude the Department from committing to a time frame for department-wide implementation.*

### **Evaluations need improvement**

**80.** Evaluation is the systematic collection and analysis of evidence on the outcomes of programs assessed against program objectives, goals, or targets. Evaluation is important because it enhances a department's ability to determine whether it has the right programs and services in place and whether resources have been allocated properly.

**81.** We examined whether the Department evaluates programs. We reviewed internal and external documents and interviewed Department personnel.

**82.** We found that the Government of Yukon rescinded its program evaluation policy. We found that no evaluation of the alcohol and drug services program was carried out during the past five years. However, the Department commissioned two evaluations that included diabetes and the Chronic Conditions Support Program activities over the same time period. We found that the evaluations were of limited use because the programs themselves did not have specific, measurable objectives or targets, making it impossible to evaluate progress or success.

**83.** In recognition of the lack of evaluations and performance measurements for the alcohol and drug services program, the Department sought funding from Health Canada to develop these. A three-year, \$1.4 million agreement was signed in 2009, and the Department is now one year into the project. Under this agreement, the Department is to develop a program measurement and evaluation plan that includes indicators and targets for program measurement and evaluation by 31 March 2013.

**84. Recommendation.** The Government of Yukon should establish a program evaluation policy.

***The Government's response.** Agreed. A government policy on the evaluation of funding programs is under development and is expected to be formally considered in the 2011–12 fiscal year. While the focus of the proposed policy is on government funding programs, the Government contemplates departmental use of the policy principles in undertaking evaluations on a broader scale and on a regular basis as required.*

## Departmental monitoring and reporting

### Departmental costs are not adequately monitored

**85. Spending within authorized budgets.** We reviewed whether the Department complied with authorities, including the Yukon *Financial Administration Act* and relevant government policies, procedures, and standards so that funding is being used for the purposes intended.

**86.** The *Financial Administration Act* does not authorize a Department to spend more than its budget, as voted by the Legislative Assembly. We found that for the past two fiscal years, the Department spent more than it was authorized to spend, despite having received supplementary amounts in both years. It overspent its budget by \$1.4 million in the 2008–09 fiscal year and by \$3.7 million in the 2009–10 fiscal year. As a result, the Department is not in compliance with the *Financial Administration Act*.

**87.** According to the Department, the overspent amount in both years was due to costs from other jurisdictions that the Department did not budget for. While the inter-jurisdictional guidance for hospital and medical care insurance state that provinces and territories have up to 12 months to invoice for services after a patient has been released, an estimate of these costs should be made before the year-end so the Department can request Supplementary Estimates for any additional costs. The Department stated that it is working with other jurisdictions to get timelier billing in order to better forecast costs for the year.

**88. Monitoring medical travel costs.** A March 2009 departmental report indicated that total medical travel costs (air travel, mileage, air medical evacuation ambulance, escort, fuel, and patient subsidies) increased from \$4.9 million to \$8.5 million between 2004 and 2008. The report made a number of recommendations related to monitoring the cost effectiveness of the medical travel program. The Department has obtained federal funding through the two-year (2011–2012) extension of the Territorial Health System Sustainability Initiative to consolidate the progress made in reducing the reliance on outside health care systems and medical travel.

**89. Recommendation.** The Department of Health and Social Services should institute a rigorous process for monitoring departmental and program costs.

*The Department's response.* Agreed. Subsequent to the audit, the Department has instituted a process for reviewing the cost of new and expanded programs. The process includes senior management review and analysis to identify the cost drivers affecting the steady increase in health care spending and ways to control them, as well as assessing priority and needs

*based on departmental and strategic plans. Budgeting is now focused more on the Department as a whole, rather than individual programs.*

*The Department is working more closely with other jurisdictions to ensure that out-of-territory costs are accounted for in a timelier manner for the hospital and physician claims. The Department expects to have a structured process in place by the end of the 2011–12 fiscal year that will include provisions for ongoing communications with service providers in other jurisdictions to better forecast annual expenditures.*

### **Departmental reporting needs to be improved**

**90.** Reporting is a mechanism to ensure transparency and accountability to the Legislative Assembly. In addition, management requires reporting for decision making and policy setting. Reporting assists with making informed decisions as to how health care dollars should be spent and how services to the public can be improved. We reviewed whether the Department complied with legislated reporting requirements, and requirements for reporting to third parties such as the Canadian Institute for Health Information.

**91.** We examined the Department's internal and external reports to determine if they were complete, accurate, and useful. We interviewed individuals from federal agencies that the Department provided reports to and reviewed applicable legislation for statutory requirements.

**92.** The Yukon *Health Act* requires that the Medical Officer of Health prepare a comprehensive report on the health status of Yukon's population, including an assessment of social conditions. The report is submitted to the Legislative Assembly at least once every three years. Submission of an annual update to the Assembly is also required. We found that the Medical Officer of Health produced a comprehensive Health Status Report in 2009 but not in 2006. Annual updates were not produced for 2005, 2007, or 2008. We found that the performance indicators in the 2009 report dated back several years.

**93.** The Government of Yukon's Financial Administration Manual notes that statistics are required in budget documents to provide supplementary information related to the budget and should ideally include workload, activity indicators, and performance indicators.

**94.** We found that the statistics listed in the budget documents relate to workload and activity indicators. Some examples include the number of subscribers to the Yukon Health Care Insurance Plan, number of Yukon Hospital Corporation patient days and admissions, surgical cases, and drug plan statistics. However, the Department did not include performance indicators or comparative figures, explanation

of variances, and trend analysis, as required by the Financial Administration Manual.

**95.** The Department is not required to prepare an annual report and does not do so. Yukon is one of only two Canadian jurisdictions that do not produce such a report. An annual report would be an important tool to ensure transparency and accountability to the public. The Health Status Report referred to earlier is not a Department report that links the strategic plans, priorities, performance indicators, budgets, resources used, and health outcome targets.

**96.** The Department submits data to a number of Canadian Institute for Health Information databases. The National Physician Database contains data on fee-for-service physician payments in Canada. The National Prescription Drug Utilization Information System Database is a pan-Canadian information system that houses information related to drug benefit formularies, drug claims, drug plans, and population statistics.

**97.** We found that the Department did not submit data to the National Prescription Drug Utilization Information System Database at all because data did not meet specifications. In addition, it did not submit data to the National Physician Database for the 2006–07, 2007–08, or 2008–09 fiscal years.

**98.** Reporting can assist the Department with health planning, management of health resources, and evaluation of the efficiency of the health system. It can also help users assess the Department's performance and achievement of goals and objectives.

**99. Recommendation.** The Department of Health and Social Services should meet the Financial Administration Manual requirements to report on performance indicators, comparative figures, explanation of variances, and trend analysis. It should also consider producing an annual report.

*The Department's response.* Agreed. The Department reports on its activities currently as part of the budget reporting process. Variances are also reported to Finance as part of the regular monthly variance cycles in accordance with Management Board requirements. Current and prior year actual and budget variances and trend analysis will also be included in future budget documents in accordance with Financial Administration Manual requirements. The Department will work with the program managers to review and enhance reporting on performance indicators that can be used for program evaluations.

*The Department will release an annual report for the 2010–11 fiscal year by spring 2012.*

## Conclusion

**100.** The Department has not identified and formally documented its most important health priorities and, as a result, does not develop or modify programs and services to reflect these priorities. The Department needs to identify key departmental and program performance indicators and develop systems to collect the necessary information and monitor these indicators.

**101.** The Department does not use and analyze data from all relevant sources to determine whether its programs and services are achieving their objectives and reaching those who need them; nor does it publicly report this to Yukoners. While workload and activity indicators are presented in the Main Estimates, the Department needs to expand its reporting to include performance indicators or comparative figures, explanation of variances, and trend analysis.

**102.** The Department reports some qualitative data but does not determine the extent to which it has achieved its strategic and departmental goals and objectives or report on this in quantified terms. In addition, the Government of Yukon does not have an evaluation policy in place. Such a policy would help the Department to assess the effectiveness of its programs and services and to modify them accordingly.

## About the Audit

### Objectives

Our objectives for the audit were to determine whether the Yukon Department of Health and Social Services has

- regularly identified health priorities, and
- developed or modified programs and services to address these priorities.

### Scope and approach

The audit examined whether the systems and practices of the Department of Health and Social Services have permitted it to manage and deliver its health programs with due regard for economy and to modify its programs and services to address emerging health issues. Examination work was undertaken at the Department's headquarters in Whitehorse and in the communities, as applicable.

We looked at the Department's monitoring, measurement, and reporting of program results. We interviewed Health and Social Service managers and staff and reviewed relevant documents including reports, statistics, and information from the Department and other public sources. We examined relevant Management Board policies and decisions, Government of Yukon and Yukon Department of Health and Social Services policies and procedures contained in manuals, internal and external reports, consultant and third party reports, and reports and guidance from other parts of Canada.

We visited six rural communities in Yukon to obtain audit evidence and interview key staff. Our goals were to examine issues related to health programs and services and to seek the staff's views on the risks and issues facing the Department.

We also interviewed external stakeholders and those responsible for health programs and services in other jurisdictions. Although we did not audit the activities carried out by these people and organizations, we sought their views on health programs and services in general and in Yukon.

**Criteria**

<b>To determine whether the Yukon Department of Health and Social Services has regularly identified health priorities, we used the following criteria:</b>	
<b>Criteria</b>	<b>Sources</b>
The Department of Health and Social Services has a strategic and business planning process in place that identifies health priorities and human resource needs, and produces strategic and business plans with specific measurable goals and objectives that incorporate human resource plans to manage its health resources.	<ul style="list-style-type: none"> <li>• Financial Administration Manual, Chapter 2, Government of Yukon</li> <li>• General Administration Manual, Human Resource Policies, Government of Yukon</li> <li>• Yukon Health and Social Services Strategic Plan 2009–2014</li> <li>• 20 Questions Directors Should Ask Series, Chartered Accountants of Canada</li> <li>• Human Resources Planning Guide, Treasury Board of Canada Secretariat</li> <li>• Departmental Corporate Risk Register</li> <li>• Departmental statistics and demographic data</li> </ul>
The Department of Health and Social Services has an adequate risk management framework in place that identifies, measures, mitigates, and reports risks.	<ul style="list-style-type: none"> <li>• Integrated Risk Management Implementation Guide, Treasury Board of Canada Secretariat</li> <li>• Departmental Corporate Risk Register</li> <li>• 20 Questions Directors Should Ask Series, Chartered Accountants of Canada</li> <li>• Yukon Department of Health and Social Services Strategic Plan 2009–2014</li> </ul>
For performance measurement and reporting, the Department has established key targets, indicators, and health outcomes and monitors, reports, and compares planned with actual results and analyzes gaps in targets, indicators, and health outcomes for Yukoners and major population sub-groups.	<ul style="list-style-type: none"> <li>• Financial Administration Manual, Chapter 2, Government of Yukon</li> <li>• Yukon <i>Health Act</i></li> <li>• <i>Auditor General Act</i></li> <li>• Yukon Department of Health and Social Services Strategic Plan 2009–2014</li> <li>• Results-Based Management Lexicon, Treasury Board of Canada Secretariat</li> <li>• 20 Questions Directors Should Ask Series, Chartered Accountants of Canada</li> <li>• Departmental Corporate Risk Register</li> </ul>
<b>To determine whether the Department has developed or modified programs and services to address these priorities, we used the following criteria:</b>	
<b>Criteria</b>	<b>Sources</b>
The Department aligns its programs and resources with health priorities and strategic and business plans.	<ul style="list-style-type: none"> <li>• Directive on the Evaluation Function, Annex 'A', Treasury Board of Canada Secretariat</li> <li>• Yukon Department of Health and Social Services Strategic Plan 2009–2014</li> <li>• Department plans, Yukon Department of Health and Social Services</li> </ul>

<p>The Department has authorities, objectives, and expected results for the selected programs.</p>	<ul style="list-style-type: none"> <li>• Financial Administration Manual, Government of Yukon</li> <li>• Yukon Department of Health and Social Services Strategic Plan 2009–2014</li> <li>• Department plans, Yukon Department of Health and Social Services</li> </ul>
<p>The Department defines, collects, monitors, and reports appropriate information on the delivery of its programs and evaluates programs in order to improve program delivery to better use its resources.</p>	<ul style="list-style-type: none"> <li>• Yukon Department of Health and Social Services Strategic Plan 2009–2014</li> <li>• Department plans, Yukon Department of Health and Social Services</li> <li>• Financial Administration Manual, Chapter 2, Government of Yukon</li> <li>• Departmental Corporate Risk Register</li> </ul>
<p>The Department complies with relevant government policies, procedures, and standards so that funding is being used for the purposes intended.</p>	<ul style="list-style-type: none"> <li>• Financial Administration Manual, Chapter 2, Government of Yukon</li> <li>• Yukon <i>Financial Administration Act</i></li> <li>• February 2007 Report of the Auditor General of Canada to the Yukon Legislative Assembly—Department of Highways and Public Works</li> <li>• Yukon Department of Health and Social Services Strategic Plan 2009–2014</li> <li>• Department plans, Yukon Department of Health and Social Services</li> </ul>

### Period covered by the audit

The audit covered the 2005–06 to 2009–10 fiscal years. Audit work for this report was substantially completed on 15 September 2010.

### Audit team

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## Appendix List of recommendations

The following is a list of recommendations found in the report. The number in front of the recommendation indicates the paragraph number where it appears in the report. The numbers in parentheses indicate the paragraph numbers where the topic is discussed.

Recommendation	Response
<b>Setting direction for the health system</b>	
<p><b>35.</b> The Department of Health and Social Services should develop and report on performance measures and ensure that risk assessments are based on sound information. In addition, it should develop business cases on a more regular basis. (20–34)</p>	<p><b>The Department’s response.</b> Agreed. The Department is committed to continued participation on the Government of Yukon Interdepartmental working group on the implementation of strategic planning and the development and reporting of performance measurements.</p> <p>Insufficient data will continue to be identified as a risk. The Department will conduct business case analyses on all new initiatives and risk analysis where required, to identify alternatives where appropriate.</p>
<p><b>36.</b> The Department of Health and Social Services should rank its health priorities, set timelines and targets for addressing them, and identify the resources required. (20–34)</p>	<p><b>The Department’s response.</b> Agreed. While priorities were not ranked formally at the time of the audit, the Department’s top two strategic priorities are the development of both the new Wellness Strategy and Social Inclusion and Poverty Reduction Strategy. The Social Inclusion and Poverty Reduction Strategy is scheduled to be completed this summer. Work on the Wellness Strategy has just recently begun with a target completion date of March 2013. Other priorities are identified in the Department’s strategic plan.</p> <p>The operational priorities will be determined by considering government direction, emerging issues, and budget considerations. Part of the prioritizing will include risk assessments of activities contemplated and using key indicators (for example, increasing aging population, increases in obesity, vacancy rates) to allow for more informed decisions. The Department’s priorities may shift in response to the urgent health needs of Yukoners, such as last year’s H1N1 response, or following direction provided by the Minister and Cabinet.</p>

Recommendation	Response
<p><b>43.</b> The Department of Health and Social Services should prepare a human resource plan. (37–42)</p>	<p><b>The Department’s response.</b> Agreed. As indicated in the report, the Department has drafted a framework for a human resource plan. When complete, the plan will address succession planning, mentorship, and recruitment and retention. Work is well under way, and a draft plan is scheduled to be completed in the next six months, for consideration by the Deputy Minister.</p>
<p><b>53.</b> The Department of Health and Social Services should develop key health indicators and benchmarks for them as well as quantifiable health outcome targets. It should then compare benchmarks and targets with actual indicators and outcomes for Yukoners and major population sub-groups and analyze any gaps to determine what needs to be done to close the gaps.</p> <p>The Department should identify performance indicators, targets, and measurement processes for its diabetes and alcohol and drug services programs. (44–52)</p>	<p><b>The Department’s response.</b> Agreed. The Department will work toward developing key health indicators and outcomes specific to Yukon as well as setting reasonable targets and benchmarks where comparable data is available within the next 18-24 months.</p>
<p><b>69.</b> The Department of Health and Social Services should develop a comprehensive health information system that allows the Department to collect and report on complete and accurate health data from all available sources. (54–68)</p>	<p><b>The Department’s response.</b> Agreed. A comprehensive health information reporting system is required, although at present, the Department lacks the resources to undertake such an endeavour. The Department will commit to initiating a review, within the next six months, of all available health data, including information specific to diabetes and alcohol and drug-related problems to determine what information can be used currently.</p> <p>As of January 2011, the Department hired an E-Health Director whose specific role is to oversee the Yukon’s electronic health record initiatives as per the Canada Health Infoway mandate.</p>
<p><b>70.</b> In collaboration with physicians, the Department of Health and Social Services should establish compulsory International Classification of Diseases coding. (54–68)</p>	<p><b>The Department’s response.</b> Agreed. The Department will work with physicians to explore the possibility of establishing mandatory International Classification of Diseases (ICD) coding of all claims submitted for payment. A complete review of the implications of requiring ICD coding will be initiated in the next fiscal year.</p>

Recommendation	Response
<p>71. The Department of Health and Social Services should collect data on diabetes and alcohol- and drug-related health problems. This data should then be used to determine how the Department's programs and services are affecting those individuals and if any changes to the programs should be considered. (54–68)</p>	<p><b>The Department's response.</b> Agreed. Within the next fiscal year, the Department will develop a formal reporting policy to ensure that regular program data reporting includes performance indicators common to all programs. This will enable the Department to consider the impact of the data on the Departmental priorities as well as enable the evaluation of programs to be evidence-based. The Department also plans to work with the Yukon Bureau of Statistics to develop trend analysis data that will better address priorities and funding pressures.</p>
<p><b>Establishing, measuring, and monitoring programs</b></p>	
<p>79. The Department of Health and Social Services should establish measurable objectives for its programs. (72–78)</p>	<p><b>The Department's response.</b> Agreed. As an example, the Continuing Care Branch within the Department has completed the process of developing measurable objectives and indicators. The Branch has also completed and achieved certification (2009–2012) through Accreditation Canada for meeting national standards of excellence in quality care and service.</p> <p>Alcohol and Drug Services is in the process of establishing measurable objectives and evaluation criteria.</p> <p>The Department proposes to use the results of this work as a framework to assist in developing department-wide performance measurements and evaluation criteria. However, limited resources preclude the Department from committing to a time frame for department-wide implementation.</p>
<p>84. The Government of Yukon should establish a program evaluation policy. (80–83)</p>	<p><b>The Government's response.</b> Agreed. A government policy on the evaluation of funding programs is under development and is expected to be formally considered in the 2011–12 fiscal year. While the focus of the proposed policy is on government funding programs, the Government contemplates departmental use of the policy principles in undertaking evaluations on a broader scale and on a regular basis as required.</p>

Recommendation	Response
<p><b>Departmental monitoring and reporting</b></p> <p><b>89.</b> The Department of Health and Social Services should institute a rigorous process for monitoring departmental and program costs. (85–88)</p> <p><b>99.</b> The Department of Health and Social Services should meet the Financial Administration Manual requirements to report on performance indicators, comparative figures, explanation of variances, and trend analysis. It should also consider producing an annual report. (90–98)</p>	<p><b>The Department’s response.</b> Agreed. Subsequent to the audit, the Department has instituted a process for reviewing the cost of new and expanded programs. The process includes senior management review and analysis to identify the cost drivers affecting the steady increase in health care spending and ways to control them, as well as assessing priority and needs based on departmental and strategic plans. Budgeting is now focused more on the Department as a whole, rather than individual programs.</p> <p>The Department is working more closely with other jurisdictions to ensure that out-of-territory costs are accounted for in a timelier manner for the hospital and physician claims. The Department expects to have a structured process in place by the end of the 2011–12 fiscal year that will include provisions for ongoing communications with service providers in other jurisdictions to better forecast annual expenditures.</p> <p><b>The Department’s response.</b> Agreed. The Department reports on its activities currently as part of the budget reporting process. Variances are also reported to Finance as part of the regular monthly variance cycles in accordance with Management Board requirements. Current and prior year actual and budget variances and trend analysis will also be included in future budget documents in accordance with Financial Administration Manual requirements. The Department will work with the program managers to review and enhance reporting on performance indicators that can be used for program evaluations.</p> <p>The Department will release an annual report for the 2010–11 fiscal year by spring 2012.</p>