



**REPORT of the  
AUDITOR GENERAL  
to the NOVA SCOTIA  
HOUSE OF ASSEMBLY**

...**2004**

**December  
Highlights**



# REPORT of the AUDITOR GENERAL to the NOVA SCOTIA HOUSE OF ASSEMBLY

## HIGHLIGHTS

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### PREFACE

This Report includes the results of audit work completed between June 2004 and November 2004.

In an attempt to give readers an appreciation of the most significant findings contained in my December 2004 Report, I publish this highlights volume. It provides a brief summary of the results of audit work included in the Report.

However I do suggest that those who wish a fuller understanding of any or all of these matters should refer to the full Report. The highlights volume notes the page numbers of the full Report for each of the subjects.

Again this year we have set out our recommendations to government in each Chapter. To assist readers we have also included all 53 recommendations in this highlights volume. I hope this is useful.

It is also the intent of myself and my staff to provide our messages as clearly and concisely as possible. Comments from readers on the value of this highlights volume or on the complete Report would be welcomed.



**E. ROY SALMON, FCA**  
Auditor General

Halifax, Nova Scotia  
November 26, 2004



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## INTRODUCTION

### **Message from the Auditor General**

Pages 2 - 4

- 1.1 This Report does contain many positive findings and I acknowledge the efforts public servants are making to manage programs effectively. I also acknowledge the willingness of these public servants to consider and act upon recommendations made as a result of audits. I have established a practice of following up on recommendations after a three-year period and have been pleased to note the actions taken. However, as has been discussed in the Report, there are significant challenges and opportunities to improve controls and more effectively manage taxpayers' dollars.
- 1.2 Finally, I wish to acknowledge the efforts of my own staff, from my senior management team through to the newest recruited student. This Report would not be possible without the knowledge, analysis and professionalism they put into their assignments.

## GOVERNMENT-WIDE ISSUES

### **Government Financial Reporting**

Pages 6 - 16

- 2.1 The Auditor General's audit report on the Province's March 31, 2004 consolidated financial statements was unqualified. It was tabled September 30, 2004 as part of the March 31, 2004 Public Accounts. The earlier release this year of the Public Accounts met the new statutory deadline established by the House in spring 2004. A management letter on this year's audit was issued to government in November 2004.

- 2.2 Government's response to matters reported by the Auditor General as a result of our review of the 2004-05 revenue estimates will be followed up as part of the 2005-06 review.
- 2.3 No additional appropriations have been approved since our last Report, released in June 2004. Additional spending authority for 2003-04 of \$99,017,000, for net program expenses where approved vote totals were exceeded, requires Order in Council approval within 90 days of the release of the March 31, 2004 Public Accounts. No special warrants have been approved since our last Report.

## **Government Systems and Controls**

Page 17 - 28

- 3.1 Government has a number of significant systems and control improvement initiatives in process, including the following:
- addressing the recommendations from our 2003 Report concerning CFMS/SAP, including the results of a service auditor review to be reported in November 2004;
  - completing the implementation of the SAP HR module for core government and regional school boards (eMerge Project). New implementation dates have been established and increased funding approved for this project;
  - addressing recommendations from an audit of the governance and control structures for the pension investments and treasury areas;
  - addressing recommendations from an external firm's review of the *procure to pay* process;



- addressing the governance and project management issues concerning the Pension Administration System implementation project identified in previous audit reports, and completing the project; and
- addressing recommendations from an external firm's audit of the Art Gallery of Nova Scotia's governance and management processes.

- 3.2** Compliance with the government procurement policy for the use of alternative procurement arrangements needs to be improved.
- 3.3** A new security policy and standards for the government's wide area network were implemented effective October 1, 2004. Steps are currently underway, through the Department of Transportation and Public Works, to ensure that any non-compliant practices or procedures are identified and addressed.
- 3.4** The current Government of Nova Scotia Management Manuals do not have a policy requiring departments and entities to report losses. Prior versions of the Manuals included this requirement.
- 3.5** In the past year, there has been a great deal of public and media attention on matters reported to the Parliament of Canada regarding the controls and other activities related to the Federal "sponsorship" program. The magnitude of such matters, in relative monetary terms, in Nova Scotia equates to less than \$1 million per year. The question that needs to be asked is whether Nova Scotia's public sector management and control systems and processes are sufficient to prevent or detect such issues.

- 3.6** Good systems and controls can be costly, while too many or less than optimized controls can also be costly. Government's challenge is to ensure that the risks of loss or misuse are appropriately identified and that decisions made about the level of control to be in place appropriately mitigate risks on a cost-benefit basis. The goal is not more or too many controls, but rather cost-effective optimization of control against risks.

## DEPARTMENT AUDITS

### • • Office of Economic Development

#### **Nova Scotia Business Inc. - Payroll Rebates**

Pages 30 - 40

- 4.1** NSBI has adequate policies and procedures regarding the financial management of the payroll rebate program and demonstrates due regard for economy. Since NSBI's inception, improvements have been made to the payroll rebate program; including a terms and conditions section in rebate agreements that typically addresses several areas such as number of jobs to be created and average salary.
- 4.2** NSBI management informed us that they are revising the standard terms and conditions for payroll rebate agreements. We have recommended that NSBI clarify what is required by the external auditor's certificate and develop wording to ensure these certificates will provide the desired level of assurance.
- 4.3** Overall, NSBI's process for identifying, researching and approving potential rebate clients is well-managed. One area where we have recommended improvements is in the documentation of procedures for the risk assessment of prospective clients.

- 4.4** NSBI does not formally inquire whether all rebate clients are in receipt of additional government funding although repeat clients are asked to indicate non-NSBI sources of funding. We have recommended that NSBI include this information in rebate proposal documents to ensure its Investment Committee, Board and the Executive Council have a complete financial picture of prospective clients.
- 4.5** NSBI's monitoring of payroll rebate agreements in progress was found to be appropriate. Improvements are required to longer-term monitoring of rebate clients once the agreements have expired. Management informed us they are implementing an account management system which will allow tracking of rebate clients and we encourage NSBI to continue working towards implementing this system.
- 4.6** NSBI's verification and documentation of recipients' compliance with payroll rebate agreements was found to be adequate. No problems were noted with the disbursement process and NSBI staff involved had a good understanding of requirements. However, there are no written guidelines for rebate disbursements and we have recommended that NSBI formally document disbursement procedures.
- 4.7** Overall, NSBI has policies and procedures in place to ensure compliance with legislation and regulations. We noted one area where NSBI was not fully compliant with regulations and recommended that NSBI comply in the future.
- 4.8** Our recommendations from this audit are as follows:

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#### **Recommendation 4.1**

We recommend that NSBI develop written procedures for the risk assessment process to ensure it is completed consistently for each payroll rebate client. Consideration should also be given to whether staff should be required to utilize common checklists to ensure consistency in assessing the risk of each potential client.

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#### **Recommendation 4.2**

We recommend that NSBI determine whether potential rebate clients are in receipt of or will receive other forms of government assistance for the same project and verify funding where applicable. This information should be provided in rebate proposal documents to ensure NSBI's Investment Committee, Board and the Executive Council have a complete financial picture of prospective clients.

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#### **Recommendation 4.3**

We recommend that NSBI formally document procedures for payroll rebate disbursements.

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#### **Recommendation 4.4**

We recommend that NSBI finalize revised wording for standard rebate terms and conditions. The level of assurance required from an external auditor or procedures to be performed to verify a company has met the terms and conditions necessary for rebate disbursement should be clearly stated.

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## Recommendation 4.5

We recommend that payroll rebate guidelines and policies be included in NSBI's annual business plan as required by Regulations.

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### • • Finance

#### **Pension Asset Management and Governance of Retirement Benefits**

Pages 41 - 54

- 5.1 Assets available to fund the Province's pension plans totaled \$7.3 billion at March 31, 2004. A Statement of Investment Policies and Goals was established several years ago to provide guidance on the management of these assets. Changes to the Statement should be formally approved by the Minister of Finance as Trustee.
- 5.2 An Investment Advisory Committee (IAC) has been in existence since as early as the 1980s to provide advice on asset mix and management of funds to the Minister of Finance as the plans' Trustee. Recent changes in asset mix approved by the IAC indicate that the role of the committee has moved beyond that of advisory. We have recommended that the IAC adhere to its role as advisor to the Trustee. We have also recommended that the committee consider expanded use of external consultants to corroborate its suggested changes to investment strategies.
- 5.3 We tested internal controls over the recording and monitoring of transactions. We found no errors in our testing.
- 5.4 External investment managers manage the entire equity portfolio and a portion of the fixed income portfolio of the plans. Individual contracts with these managers specify their

mandates. We have recommended that a formal system be established to monitor compliance with these mandates.

- 5.5 There is a well-established system for reporting investment performance. We tested the support for this system and found no errors. Finance management should continue its efforts to establish a performance management system for all aspects of pension administration.
- 5.6 Governance arrangements for the two most significant pension plans (Teachers' Pension Plan and Public Service Superannuation Plan) are under review. Protocols established as a result of these reviews should include sufficient, appropriate reporting to the plan trustee or administrator.
- 5.7 The magnitude of the financial obligations and assets associated with the various pensions and other retirement benefit plans warrants improvements being made to, and formalization of, governance and management control processes.
- 5.8 In addition to matters discussed in this chapter, government needs to ensure the results and recommendations of the audit commissioned separately by Department of Finance management, of the governance and controls in the pension and treasury areas of its operations, are appropriately addressed on a timely basis.
- 5.9 Our recommendations from this audit are as follows:

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### **Recommendation 5.1**

**We recommend that changes to the Statement of Investment Policies and Goals should be formally approved by the Investment Advisory Committee for recommendation to and approval by the Trustee.**

In addition, the Statement should explicitly state the overall risk tolerance or refer to an overall risk management plan.

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### **Recommendation 5.2**

We recommend the Investment Advisory Committee adhere to its role as an advisory committee to the Minister. Formal terms of reference should be developed and approved for the Committee, and updated periodically as appropriate.

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### **Recommendation 5.3**

We recommend the Investment Advisory Committee should consider increased use of external consultants to corroborate changes to investment strategies suggested by Department of Finance staff.

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### **Recommendation 5.4**

We recommend that a system to formally monitor compliance with contractual requirements and mandates of external investment managers should be established.

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### **Recommendation 5.5**

We recommend that the control framework related to pension and other retirement obligations should be formalized as required. Committees involved in the monitoring and/or approval of benefits should provide regular reports to the plan trustee or administrator.

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### **Recommendation 5.6**

We recommend that management should continue to develop a sufficient and appropriate performance

• • **Health**

**Capital District Health Authority**

Pages 55 - 75

- 6.1 Our audit testing revealed weaknesses in both the billing and credit management processes at the CDHA. Testing revealed weaknesses in certain billing processes including a need for interim billings.
- 6.2 A large bill (approximately \$642,000) had accumulated for a resident of another country and there was no documented understanding of how it would be paid. There is a need for the Department of Health and DHAs to reconsider existing policies for the provision of services to non-Canadians. Policies should require detailed reviews of individual cases by both the DHA and the Department of Health for appropriate action when charges or length of stay have reached specified targets.
- 6.3 Capital requirements are increasing annually and we continue to urge the development of a collaborative plan from the Department of Health and CDHA to develop an appropriate funding strategy for the longer-term capital requirements. The CDHA's 2004-05 budget submission shows deferred capital requests of \$87 million.
- 6.4 The financial statements of CDHA do not disclose its relationship with Partners for Care which recorded \$6.8 million from revenue-generating activities including parking lot fees in the 2003-04 fiscal year. The excess of revenue over expenses is transferred to the



CDHA but financial statement disclosure of the relationship between Partners for Care and CDHA needs to be improved. Similarly, there is a need to enhance the disclosure relating to funds transferred from the Foundations.

- 6.5** The majority of the recommendations from our 2001 audit have been addressed, however we noted that there are still a few outstanding.
- 6.6** Nova Scotia's DHAs do not have *case costing* systems and, therefore, are unable to accumulate costs related to providing services to a specific patient. Uninsured patients are billed on the basis of a *per diem* rate based on residency and accommodation choice regardless of the actual cost incurred in the provision of services to that patient. Other Canadian jurisdictions experience the same problems with lack of *case costing*.
- 6.7** Our recommendations from this audit are as follows:

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#### **Recommendation 6.1**

**We recommend that CDHA establish policies and related system processes regarding timing of interim billings in cases where there has been no discharge date for extended time periods. We also recommend terms and conditions be arranged and documented with the parties in these cases.**

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#### **Recommendation 6.2**

**We recommend that CDHA institute a requirement for formal sign off that billing rate updates have been entered correctly. Documentation supporting the changes should be retained.**

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### **Recommendation 6.3**

We recommend complete reconciliation of parking tickets issued with cash deposited and appropriate documentation of the process.

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### **Recommendation 6.4**

We recommend that the Department of Health and CDHA reconsider existing policies regarding the provision of services to non-Canadians and modify as required. Policies should address necessary guarantees and credit authorizations, billing frequency and rates, and formal reviews of individual cases by the DHA and Department of Health when charges reach a specified amount or length of stay exceeds a certain number of days.

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### **Recommendation 6.5**

We recommend that CDHA update and strengthen its credit management policies and procedures including credit authorization.

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### **Recommendation 6.6**

We recommend that CDHA disclose its related party relationship with the Foundations and Partners for Care, including transactions between the related parties during the year, in the notes to CDHA's financial statements.

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## Pharmacare and Other Drug Programs

Pages 76 - 109

- 7.1** This was a concurrent audit with legislative auditors of eight other Canadian jurisdictions using a common audit plan and methodologies.
- 7.2** Drug therapy is an important part of an integrated health care system in Canada. Appropriate drug therapy has the potential to reduce costs in other aspects of the health system such as acute care and long-term care. Drug programs offered by all governments in Canada have been experiencing rapidly increasing costs. Despite the Nova Scotia government's best efforts to control costs by introducing initiatives such as a strong pharmacy audit regime, setting maximum acquisition costs based on equivalent drugs, requiring special approvals for funding of certain drugs, a thorough formulary management process and programs designed to positively influence physician prescribing, costs continue to increase.
- 7.3** From our review of cost data from other provincial programs in Canada, Nova Scotia drug costs compare favourably with those of other provinces.
- 7.4** The contract with Atlantic Blue Cross Care for administration of the drug programs is not current, and is inadequate. We recommend that DOH finalize a performance-based third party service provider contract that includes clearly defined roles, responsibilities, and performance expectations.
- 7.5** Although there is now a national Common Drug Review process, Nova Scotia is still responsible for deciding which drugs will be added to the Province's formulary and for

reviewing old drugs with new indications, line extensions and class reviews. We noted that the processes for reviewing and assessing drug manufacturers' submissions and approving additions to the formulary are thorough and consistent. The advice of experts is sought and followed. Effectiveness of drugs and costs are considered.

- 7.6** The controls and processes in place at ABCC over the payment and monitoring of electronic claims are appropriate. Controls could be improved in the payment and monitoring of manual claims at ABCC.
- 7.7** DOH needs to conduct a comprehensive evaluation of options for reducing drug costs for the pharmacare programs in Nova Scotia. As an example the Nova Scotia Provincial Drug Distribution Program, which acquires drugs used by District Health Authorities in acute care institutions, has been able to procure drugs at prices approximately 14.8% lower, by purchasing through a national buying group, than prices paid to pharmacies for the same drugs through the Provincial Pharmacare programs. Although we acknowledge that pharmaceutical companies ultimately control the price of drugs and may be unwilling to reduce prices for drugs which are not used in a hospital setting, the potential savings to the program of even modest drug price reductions could be significant and warrants further study. We also acknowledge that bulk purchasing is complex because of the need to consider such factors as warehousing, distribution and uncertainties about how the market would respond to such initiatives.
- 7.8** We recommended that current DOH initiatives to monitor drug utilization and physician prescribing practices should be continued and enhanced.

- 7.9** We recommended that DOH should explore options to increase physician participation in *academic detailing* which is a program administered by Dalhousie Continuing Medical Education to provide educational advice to physicians on drug-related topics through visits to physicians' offices.
- 7.10** The Department of Health needs to improve its information systems for the Pharmacare programs. The current information technology is outdated and unable to produce all information required for appropriate monitoring.
- 7.11** Our recommendations from this audit are as follows:

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#### **Recommendation 7.1**

**We recommend the Department and government update and consolidate legislation governing the various prescription drug programs.**

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#### **Recommendation 7.2**

**We recommend that the Departments of Health and Community Services develop a process to establish objectives, measure and evaluate the performance of the Pharmacare Programs. The objectives and results should be included in Departmental Business Plans and Accountability Reports.**

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#### **Recommendation 7.3**

**We recommend that DOH formalize a performance-based third party service contract for the administration of the Pharmacare Programs and that the contract be appropriately approved in accordance with the Government Procurement Policy.**

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#### **Recommendation 7.4**

We recommend that DOH develop a long-term system development strategy for the Pharmacare Program.

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#### **Recommendation 7.5**

We recommend that the Departments eliminate the mark-up paid to pharmacies for generic drugs.

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#### **Recommendation 7.6**

We recommend that the Department of Health identify and analyze possible options for reducing drug prices.

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#### **Recommendation 7.7**

We recommend DOH increase the number of primary care physicians meeting with academic detailers by identifying and addressing the barriers to participation.

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#### **Recommendation 7.8**

We recommend DOH continue and enhance its drug utilization review activities to ensure that both general and specific data related to both providers and patients is examined and followed up on a regular basis.

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#### **Recommendation 7.9**

We recommend DOH seek the legislative authority to collect and analyze drug information for all Nova Scotia residents and move toward a full electronic health record to provide pharmacists, nurse practitioners and physicians with complete

information to assist in the identification of potential drug interactions.

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### **Recommendation 7.10**

We recommend DOH establish a real-time electronic system to track utilization of drugs monitored by the Prescription Monitoring Association of Nova Scotia with the goal of flagging issues before prescriptions are dispensed.

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### **Recommendation 7.11**

We recommend that each of the disease specific drug programs be reviewed to ensure that the rationale for the program is still valid and that the coverage provided by the various programs is consistent.

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### **Recommendation 7.12**

We recommend that the controls over claims related to disease-based programs be strengthened to include audit verification, appropriate segregation of duties and assessment of the reasonableness of drug costs.

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### **Recommendation 7.13**

We recommend the Department of Health put processes in place to ensure that it is receiving sufficient information from the QEII and the IWK to allow detailed analysis of program costs and to ensure only eligible patients receive prescriptions covered by the Exception Drug Fund.

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## Revenues and Recoveries

Pages 110 - 128

- 8.1 Overall, the Revenue/Recovery Section appears to have appropriate systems and controls in place and is in compliance with legislation and policies relative to billing and payment of hospital services.
- 8.2 Neither the Department nor the DHAs have *case costing* information to assess whether revenues and recoveries are adequate to cover the cost of services delivered.
- 8.3 Due to delays in receipt of information from the DHAs and IWK, the Department has not been able to issue invoices to other provinces on a timely basis. The Department receives payments within a reasonable timeframe once billing to the other jurisdictions is completed. The Department also needs to ensure that it has proper documentation in the form of non-resident declaration forms to support all out-of-province billings in the event that the patient's eligibility for coverage is challenged by the paying province.
- 8.4 Currently not all costs are included in the motor vehicle levy calculation. The Department of Health needs to develop a process to recover costs of the Insured Prescription Drug Program and inter-hospital ambulance transfers from third parties either through the levy or in some other way.
- 8.5 The DHAs show accounts receivable of \$42 million as at March 31, 2004. Of this amount, 37% had been outstanding for more than 90 days. This indicates a need for more focus on collection of accounts receivable.
- 8.6 Our audit revealed significant variations in DHA billing rates. The Department should review



DHA revenues and recovery rates for consistency across the system.

- 8.7** There is inconsistency in recording and reporting of revenues and recoveries across the system. Revenues are sometimes netted against expenses rather than being specifically identified as revenues. The Department of Health is aware of the problem and has recently begun discussions with the DHAs with the objective of increasing consistency.
- 8.8** Our recommendations from this audit are as follows:

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**Recommendation 8.1**

We recommend that the DOH Revenue/Recovery Section require billings from the DHAs and IWK to be submitted to DOH within 30 days of discharge.

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**Recommendation 8.2**

We recommend that the DOH Revenue/Recovery Section ensure that all non-resident patient declaration forms are obtained from hospitals at the time billing data is submitted to the Department.

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**Recommendation 8.3**

We recommend the Department of Health implement necessary changes to enable electronic exchange of reciprocal billing information with all jurisdictions.

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**Recommendation 8.4**

We recommend that the Department of Health work towards accumulating the necessary cost information to assess whether fees are adequate to cover the cost of services delivered.

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### **Recommendation 8.5**

We recommend that the Department of Health develop a process to recover costs currently excluded from the motor vehicle levy from third parties.

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### **Recommendation 8.6**

We recommend more stringent credit monitoring to ensure collection of the motor vehicle levy from the insurance companies within the 60 day policy, including consideration of charging interest on overdue amounts.

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### **Recommendation 8.7**

We recommend that the Superintendent of Insurance develop a process for reconciling the number of vehicles reported by the IBC to the number of vehicles registered with the Nova Scotia Registry of Motor Vehicles to ensure motor vehicle levy invoices are based on accurate information.

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### **Recommendation 8.8**

We recommend that the Department of Health review the rates charged by DHAs for the most common uninsured services and establish common rates which recover the costs of services provided.

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### **Recommendation 8.9**

We recommend that all DHAs have formal credit management policies and that the policies be complied with.

We also recommend that the DHAs make significant efforts to increase the timeliness of accounts receivable collection.

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## **Recommendation 8.10**

**We recommend that the Department continue with its efforts to achieve conformity with the MIS Guidelines in recording and standardized reporting of revenues and recoveries across the DHAs.**

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- **Service Nova Scotia and Municipal Relations**

### **Municipal Services Division**

*Pages 129 - 142*

- 9.1 Municipal Services Division has appropriate control over municipal grants.
- 9.2 The Division complies with Provincial legislation.
- 9.3 The Division has appropriate systems to monitor municipal operations, to the extent required by Provincial legislation, but does not publish performance and statistical information for municipalities on a timely basis.
- 9.4 Certain amounts paid to municipalities from funds received from Nova Scotia Power Inc. are recorded in the accounts of a government department other than Service Nova Scotia and Municipal Relations.
- 9.5 Our recommendations to government from this audit are as follows:

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## **Recommendation 9.1**

**We recommend that the accounts of Service Nova Scotia and Municipal Relations include all expenditures and recoveries relating to grants to municipalities which are the responsibility of the Minister of SNSMR.**

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## **Recommendation 9.2**

**We recommend the Department ensure reporting of municipal performance occurs on a timely basis.**

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## **Recommendation 9.3**

**We recommend the Department apply sufficient resources and implement additional procedures, if necessary, to ensure municipal statistical reports are available on a timely basis.**

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## **CROWN AGENCIES AND CORPORATIONS**

### **Resource Recovery Fund Board Incorporated**

*Pages 144 - 154*

- 10.1** Overall, Resource Recovery Fund Board has adequate internal performance reporting and adequate internal controls. RRFB also has reasonable policies and processes related to the provision of financial assistance. However, we have made recommendations for improvements regarding external performance reporting, compliance with generally accepted accounting principles in financial reporting, internal controls, as well as in other areas.
- 10.2** The Resource Recovery Fund Board is an agency of government and, as such, needs to ensure it is in compliance with Provincial legislation, regulations and policies which will further its accountability and ensure appropriate stewardship of public funds.
- 10.3** There is adequate and timely performance reporting within Resource Recovery Fund Board. RRFB has clearly defined goals and objectives, and has developed performance indicators and set targets to help it assess

its performance. However, RRFB's external reporting does not include reporting of performance with respect to these indicators and targets.

- 10.4** The Resource Recovery Fund Board was created to administer the Resource Recovery Fund. The administration agreement with the Province states that RRFB has no right, claim or title to the property of the Fund. However RRFB's financial statements report that RRFB owns the Fund assets, and there is no separate financial reporting by the Fund.
- 10.5** Our audit of information technology controls at Resource Recovery Fund Board concluded that the organization's general computer environment and application controls are adequate.
- 10.6** Resource Recovery Fund Board does not follow the Provincial Procurement Policy. We believe procurement practices at RRFB are contrary to the Provincial policy's objective of ensuring all public sector procurement is completed in an open, fair and competitive manner.
- 10.7** RRFB undertook to sell its expertise and technology to various other countries, focusing primarily on the Caribbean. The initiative was undertaken without completing a detailed business plan. RRFB did not prepare an analysis of the costs, benefits or risks of the initiative, nor has it tracked expenses for the project or monitored its progress against any identified goals or targets.
- 10.8** The Resource Recovery Fund Board has incurred expenses for Board of Director and other liability insurance. However, it appears that the Environment Act protects the organization from liability. Based on our advice, RRFB is reviewing

the matter to determine the degree of protection provided by legislation.

**10.9** Our recommendations from this audit are as follows:

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#### **Recommendation 10.1**

We recommend that Resource Recovery Fund Board improve its external reporting of performance. Including information such as performance against quantified targets in the organization's annual report would improve its usefulness as an accountability document.

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#### **Recommendation 10.2**

We recommend that Resource Recovery Fund Board review its financial reporting policies to ensure its annual financial statements are fairly presented in accordance with associated agreements, regulations and generally accepted accounting principles.

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#### **Recommendation 10.3**

We recommend that initiatives be taken to strengthen control over information technology, including an industry-standard computer room, more secure off-site storage of file back-ups, and documentation of staff agreement to follow the organization's security policies and acceptable use guidelines.

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#### **Recommendation 10.4**

We recommend that Resource Recovery Fund Board strengthen controls to reduce the risk associated with the two co-located Enviro-Depots/regional processing centres.

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### **Recommendation 10.5**

We recommend that Department of Environment and Labour requests for payment for reimbursable expenses be supported by an analysis of actual expenses made by the Department, and an indication of how such expenses further the achievement of the goals, objectives and mandate of RRFB or the Fund.

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### **Recommendation 10.6**

We recommend that Resource Recovery Fund Board adhere to the spirit and detailed requirements of the Nova Scotia Procurement Policy.

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### **Recommendation 10.7**

We recommend that new business initiatives be adequately supported by a comprehensive analysis of the costs, benefits and risks. Costs and progress against identified goals and targets should be monitored throughout the life of the project.

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### **Recommendation 10.8**

We recommend Resource Recovery Fund Board update its articles of incorporation or prepare a set of comprehensive corporate bylaws.

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### **Recommendation 10.9**

We recommend that all government entities be required to obtain formal approval before they create, acquire or dispose of another government entity.

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**Recommendation 10.10**

We recommend government establish a communication process to ensure relevant statutory, policy or other requirements are effectively communicated to the governing bodies and senior management of all government entities. We also recommend Resource Recovery Fund Board put in place a process to ensure it is aware of, and in compliance with, all statutory or other requirements affecting its operations.

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