



Office of the Auditor General

Our Vision

A relevant, valued and independent audit office serving the public interest as the House of Assembly's primary source of assurance on government performance.

Our Mission

To make a significant contribution to enhanced accountability and performance in the provincial public sector.

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1 Message from the Auditor General

I am pleased to present my May 2011 Report to the House of Assembly on work completed by my Office in the fall of 2010 and winter of 2011.

As the province's Auditor General, my goal is to work towards better government for the people of Nova Scotia. As an independent, nonpartisan officer of the House, I and my Office help to hold the government to account for its management of public funds and contribute to a well-performing public sector. I consider the needs of the House and the public, as well as the realities facing management, in providing sound, practical recommendations to improve the management of public sector programs.

My priorities are: to conduct and report audits that provide information to the House of Assembly to assist it in holding government accountable; to focus audit efforts on areas of higher risk that impact on the lives of Nova Scotians; to contribute to a better performing public service for Nova Scotia; and to encourage continual improvement to financial reporting by government; all while promoting excellence and a professional and supportive workplace at the Office of the Auditor General. This Report reflects this service approach.

I wish to acknowledge the valuable efforts of my staff who deserve the credit for the work reported here. As well, I wish to acknowledge the cooperation and courtesy we received from staff in departments, and board members and staff in agencies, during the course of our work.



2 Follow-up of 2005, 2006, 2007 and 2008 Recommendations

During our audits, we may discover weaknesses in controls protecting government assets or in the efficiency and effectiveness of government systems and processes. Many of these controls, systems and processes help provide important services to Nova Scotians. We provide what we believe are practical and constructive recommendations to address the weaknesses we find. Failure to address these weaknesses in a timely manner increases the risks of financial loss or failure to effectively deliver services.

We have previously followed up on the implementation status of recommendations beginning two years after a report is issued. In June 2010, we also committed to extending our review of outstanding recommendations. This Chapter covers all recommendations made between 2005 and 2008.

Overall, the response from government in implementing recommendations from the four years under review is still not adequate and is not improving significantly. While there is considerable variation among departments and agencies, the overall implementation rate over four years is 52%. We are particularly concerned with the lack of progress by the Departments of Health and Wellness, and Education, in implementing our recommendations. The Department of Health and Wellness has implemented only 36% of our 2005 to 2008 recommendations. The Department of Education has implemented 14% and is essentially ignoring our recommendations. In contrast, the implementation rate for the Department Community Services is 75%.

We have recommended in this Chapter that government's Audit Committee monitor the implementation status of our recommendations and report the results of this monitoring process to the House of Assembly. We have further recommended that this Committee actively promote implementation of our recommendations, with a goal of achieving substantively full implementation within four years. We believe these recommendations promote greater responsibility for implementation results and will thereby increase the implementation rate of departments and agencies.

We performed a review of the self-assessments provided by management and can state that nothing has come to our attention



to cause us to believe the representations made by government management are not complete, accurate and reliable. Details of all recommendations made from 2005 to 2008, along with their current status, can be found on our website at oag-ns.ca.

Recommendations

Recommendation 2.1

The Audit Committee should monitor the implementation status of Auditor General recommendations and report the results of this monitoring process to the House of Assembly.

FOLLOW-UP OF 2005,
2006, 2007 AND 2008
RECOMMENDATIONS

Recommendation 2.2

The Audit Committee should actively promote implementation of Auditor General recommendations and target substantively full implementation within four years of their release.

Recommendation 2.3

The Tracking Auditor General Recommendation system (TAGR) should be updated to ensure it is accurate and complete.



3 Economic and Rural Development and Tourism: Financial Assistance to Businesses through NSBI and IEF

In late 2009 we began, but later withdrew from, an audit of the financial assistance programs at the Industrial Expansion Fund (IEF) and Nova Scotia Business Inc. (NSBI). In our June 2010 Report we denied an opinion on key controls due to refusals by both organizations to provide information required for the audit. Following the enactment of a new Auditor General Act in December 2010 which clarified our right of access, we returned to IEF and NSBI, received the information we required, and completed the audit.

IEF has few processes, controls or documentation to support the review and evaluation of applications for loans or other assistance. The only substantial documentation consists of confidential reports to Cabinet. This enhances the risk of inconsistent or inequitable treatment of applicants, inaccurate or incomplete analysis and recommendations, and poorly informed decisions. A recently established Advisory Committee has no oversight role. Confidential Cabinet review and approval is the only significant control or oversight of this program.

Similarly, following approval of assistance, IEF has inadequate processes, controls or documentation supporting ongoing management of loans. Few procedures exist to monitor compliance with loan conditions, repayments, or arrears.

These inadequate policies, processes, controls and documentation for IEF activities represent an inappropriate way to manage public funds.

NSBI has adequate policies, processes, controls and documentation to support its assistance programs of loans, payroll rebates and venture capital investments. Our tests of compliance with policies found few exceptions.

NSBI's program management provides a sharp contrast to IEF. As the administrator of the IEF, the Department of Economic and Rural Development and Tourism should determine whether it should set up a similar system of policies, processes and controls, or alternatively, employ NSBI to process IEF applications and monitor approved assistance.

Recommendations



Recommendation 3.1

The Department of Economic and Rural Development and Tourism should document and implement processes for Industrial Expansion Fund loan and development incentive assessment and approval.

Recommendation 3.2

The Department of Economic and Rural Development and Tourism should develop and implement a risk assessment process to assess potential Industrial Expansion Fund loan and development incentive applicants.

Recommendation 3.3

The Department of Economic and Rural Development and Tourism should improve the filing system used for the Industrial Expansion Fund. Files should contain all information used to assess potential applicants as well as all relevant correspondence between the Industrial Expansion Fund and the applicant.

Recommendation 3.4

The Department of Economic and Rural Development and Tourism should develop and use standard checklists to ensure consistent information is collected from potential Industrial Expansion Fund loan and development incentive applicants.

Recommendation 3.5

The Department of Economic and Rural Development and Tourism should develop a process to ensure the assessment of loans and development incentives through the Industrial Expansion Fund is sufficiently supported. This should include guidelines detailing the appropriate level of assurance required for financial information submitted by the client.

Recommendation 3.6

The Department of Economic and Rural Development and Tourism should maintain a listing of rejected applications for the Industrial Expansion Fund along with documentation supporting the reasons for rejection. This information should be reviewed by senior management, at least on a test basis, to ensure rejections are appropriate.

ECONOMIC AND
RURAL DEVELOPMENT
AND TOURISM:
FINANCIAL
ASSISTANCE TO
BUSINESSES
THROUGH NSBI AND
IEF



Recommendation 3.7

The Department of Economic and Rural Development and Tourism should develop processes to ensure Industrial Expansion Fund development incentive conditions are met and loan agreements are followed.

Recommendation 3.8

The Department of Economic and Rural Development and Tourism should implement a checklist to track the status of all information required in Industrial Expansion Fund letters of offer.

Recommendation 3.9

The Department of Economic and Rural Development and Tourism should develop processes to ensure that Industrial Expansion Fund loan repayments are on time.

Recommendation 3.10

The Department of Economic and Rural Development and Tourism should develop processes to identify and follow up Industrial Expansion Fund loans in arrears in a timely manner.

Recommendation 3.11

The Department of Economic and Rural Development and Tourism should determine the standard information which should be examined during Industrial Expansion Fund annual account reviews and develop a process to ensure this information is obtained and documented.

Recommendation 3.12

The Department of Economic and Rural Development and Tourism should document follow-up action in client files when information required by letters of offer is not received in a timely manner.

Recommendation 3.13

The Department of Economic and Rural Development and Tourism should put processes in place to ensure an accurate monthly arrears report is prepared by Industrial Expansion Fund staff. This report should be signed off by senior management each month and historical copies should be retained in accordance with government records requirements.

Recommendation 3.14

The Department of Economic and Rural Development and Tourism should consider transferring the administration of the Industrial



Expansion Fund to Nova Scotia Business Inc. to ensure appropriate governance, controls, and policies regarding transactions. Alternatively, the Department should implement a similar process with its own governance, controls and policies. This would be achieved by implementing all of the recommendations in this Chapter.

Recommendation 3.15

Nova Scotia Business Inc., in conjunction with its Board, should review and update loan policies and procedures as appropriate.

Recommendation 3.16

Nova Scotia Business Inc. should establish a process to ensure that any policy exceptions are separately identified to the approving authority (generally the Board or one of its Committees).

Recommendation 3.17

Nova Scotia Business Inc. should ensure the accounting system used for loans and other assistance can produce a complete and accurate listing of accounts in arrears.

Recommendation 3.18

Nova Scotia Business Inc. should maintain a listing of investment attraction payroll rebates that did not move forward for approval.

ECONOMIC AND
RURAL DEVELOPMENT
AND TOURISM:
FINANCIAL
ASSISTANCE TO
BUSINESSES
THROUGH NSBI AND
IEF



4 Health and Wellness: Colchester Regional Hospital Replacement

The project to replace the Colchester Regional Hospital was approved in 2005 with a budget of \$104 million. This budget was not a realistic estimate of the expected costs to build the new hospital and was not sufficient to complete construction. It was based on assumptions that were unreasonable or unsupported. It did not, for instance, consider inflation over the life of the project. The current budget of \$184.6 million is still not complete; it excludes several items that should be part of the overall project budget.

The initial budget should have been considered to be only a preliminary spending approval. A schedule should have been put in place to revisit the budget regularly during construction to bring cost estimates up to date. It would then have been reasonable to expect those charged with oversight of the project to complete it within budget.

Supporting documentation prepared by the Department of Health and Wellness for Cabinet for the first budget and for two of the three subsequent budget approvals was incomplete and contained inaccuracies. The impact of this was to hinder effective decision making. While CEHHA were not involved in preparing the support, they agreed to the budgets submitted.

The new facility is over 100,000 square feet larger than the existing facility and is designed to offer more services to more people. However, there has been no analysis to determine whether additional funding will be required to operate the new facility at its intended capacity when it opens.

While ineffective budgeting practices were significant contributors to apparent cost increases, oversight and project management weaknesses by both CEHHA and Health have contributed to project difficulties and cost overruns. Some significant decisions were made without sufficient consideration of the related costs.

Since CEHHA had no experience with large construction projects, they hired a number of consultants to assist them. However, management and the Board should have more rigorously reviewed and challenged consultants' key estimates and decisions. Health had somewhat more experience but are also relying on an external consultant to manage the project for them. We have recommended

responsibility for managing the construction of hospitals and other significant provincial buildings be assigned to a central government body with a high level of construction expertise.



Recommendations

Recommendation 4.1

The Department of Health and Wellness should establish a schedule to review the preliminary budget and approve the final project totals for future capital projects.

HEALTH AND
WELLNESS:
COLCHESTER
REGIONAL HOSPITAL
REPLACEMENT

Recommendation 4.2

The Department of Health and Wellness and Colchester East Hants Health Authority should prepare a comprehensive assessment of the funding required to operate the new facility at its intended capacity and agree on the level of funding to be provided.

Recommendation 4.3

The Department of Health and Wellness should put a process in place to ensure only complete and accurate information is presented to Cabinet.

Recommendation 4.4

The Department of Health and Wellness should put a process in place to ensure management in charge of significant capital projects complete an adequate review and challenge of key estimates prepared by consultants.

Recommendation 4.5

The Department of Health and Wellness should put a process in place to require regular reviews of grossing factor estimates at significant stages of large construction projects.

Recommendation 4.6

The Department of Health and Wellness should put a process in place to ensure design decisions are made with due consideration of the impact on costs for future construction projects.

Recommendation 4.7

The Department of Health and Wellness should put a process in place to ensure decisions to seek LEED certification for construction projects are supported by an analysis of the costs. Costs should then be tracked over the life of the project.



Recommendation 4.8

Colchester East Hants Health Authority should put a process in place to ensure all future change orders are compliant with their change order process.

Recommendation 4.9

The Department of Health and Wellness should put a process in place to ensure future construction projects have an agreement on how the size of the facility will be measured.

Recommendation 4.10

The Department of Health and Wellness should require the completion of 30%, 60%, and 90% estimates during the design stage of future construction projects, including significant trade packages for fast track projects.

Recommendation 4.11

The Department of Health and Wellness should sign a contract including clear responsibilities and reporting requirements with its project manager for the Colchester Hospital replacement project.

Recommendation 4.12

Treasury Board should assign responsibility for construction projects in Nova Scotia to a central organization with the necessary expertise to oversee all significant construction projects for all government departments in Nova Scotia.

Recommendation 4.13

Colchester East Hants Health Authority should conduct a post-occupancy assessment after the new hospital opens to identify lessons learned for future capital projects. The results of this assessment should be shared with the Department of Health and Wellness and central government so that the lessons learned can benefit future projects.

Recommendation 4.14

Following the establishment of a central body to oversee large construction projects, Treasury Board should assign responsibility for post-occupancy assessment of large construction projects to this group.



5 Health and Wellness: Long Term Care – New and Replacement Facilities

The Department of Health and Wellness (Department) engaged in a detailed needs analysis to determine the number and location of new long term care facilities to be constructed under its Continuing Care Strategy. We found the Department had an appropriate process to develop the request for proposals, and evaluate the bids received. We concluded the Department complied with the provincial procurement policy and appropriately awarded successful proposals. The estimated commitment to construct and operate these new and replacement facilities during the 25-year contracts with the service providers is approximately \$4.5 billion.

The Department had no support to show it replaced these facilities which were most in need. We do not know whether the facilities with the most serious deficiencies were replaced. We recommended the Department take appropriate steps to ensure decisions to replace long term care facilities are based on a fair and consistent process and are adequately supported and documented.

The Department developed and followed an adequate process for the development, construction, commissioning and initial licensing of new and replacement facilities. The Department also signed standard development agreements covering facility construction, and long term care service agreements with facility operators.

The Department has not established agreements with existing long term care service providers, who represent the majority of long term care facilities. Since there were no agreements and therefore no clear termination provisions, Department management believed they had to negotiate with existing service providers for replacement facilities rather than going through a competitive bid process. Although this process was in compliance with the Provincial procurement policy, we do not accept the reasonableness of this explanation. It is a poor management practice to spend large amounts of public funds without contractual agreements.

None of the eight recommendations made in our June 2007 Report have been implemented. We recommended that the Homes for Special Care Act and Regulations be updated as far back as 1998; however, no action has been taken. We are concerned about the Department's willingness to implement the recommendations in this Chapter given its inaction in implementing our 2007 recommendations.



Recommendations

Recommendation 5.1

The Department of Health and Wellness should take appropriate steps to ensure decisions to replace long term care facilities are based on a transparent, consistent process and are adequately supported and documented.

Recommendation 5.2

The Department of Health and Wellness should proceed with the review of the Continuing Care Strategy as soon as possible.

Recommendation 5.3

The Department of Health and Wellness should sign agreements with all long term care service providers within a year.

Recommendation 5.4

The Department of Health and Wellness should develop a risk assessment process for subsequent projects.

Recommendation 5.5

The Department of Health and Wellness should include wait list information concerning long term care placement on its website.

Recommendation 5.6

The Department of Health and Wellness should immediately implement all recommendations made in Chapter 4 of the June 2007 Report of the Auditor General.

Recommendation 5.7

The Departments of Health and Wellness and Community Services should update the Homes for Special Care Act and Regulations to ensure current service delivery standards are included.



6 Labour and Advanced Education: Office of the Fire Marshal

The Office of the Fire Marshal is not doing an adequate job of protecting the public from fire safety risks in buildings. Management is not performing appropriate oversight of operations, which we believe has contributed to a number of the deficiencies noted throughout this Chapter.

The Office lacks fundamental information needed to effectively manage its operations. For example, there is no inventory of buildings which require fire safety inspections. Management does not know whether required fire safety inspections have been completed or whether significant deficiencies identified during inspections have been appropriately addressed.

The Office of the Fire Marshal is not meeting minimum fire safety inspection frequencies specified in legislation and policies for buildings under its inspection responsibility. In our sample, 47% of required inspections were not completed. There is also no evidence that significant fire safety deficiencies discovered during inspections were corrected.

The Office of the Fire Marshal's monitoring of municipalities is also inadequate. Many buildings for which municipalities have fire safety inspection responsibilities are not being inspected as required. Since 2003, only five of 56 municipalities have been reviewed for compliance with the Fire Safety Act. None of the five municipalities reviewed completed all required inspections; one did not complete any inspections. Additionally, the two largest municipalities have not been reviewed. The Office of the Fire Marshal does not have a plan to address its oversight responsibilities and has not taken appropriate action to address findings in the few reviews it has completed.

We are concerned with the lack of progress made by the Department of Labour and Advanced Education in addressing our previous audit findings from 1987 and 2001. For example, inadequate monitoring of municipalities, an inadequate management information system, and not completing inspections in accordance with the required frequency are all issues which were previously reported. The results of this audit make it apparent that the Department has not made these important issues a priority. Over the years, the Office of the Fire Marshal has failed to exercise its responsibilities and has failed to take actions it has known to be necessary to protect the public.



We have made 25 recommendations to address the weaknesses noted in this Chapter such as the need for a comprehensive assessment of operations which identifies and assesses fire safety risks.

Recommendations

LABOUR AND
ADVANCED
EDUCATION: OFFICE
OF THE FIRE MARSHAL

Recommendation 6.1

The Office of the Fire Marshal should conduct a comprehensive assessment of its operations, including an identification and assessment of fire safety risks and resources needed to address those risks. Subsequent to the assessment, a plan should be developed and implemented to change operations as required. Both the assessment and resulting plan should be completed immediately.

Recommendation 6.2

The Office of the Fire Marshal should evaluate its operational information needs and its management information systems to ensure that all necessary information is being collected and is available for use by staff and management.

Recommendation 6.3

The Office of the Fire Marshal should ensure that at a minimum, a complete inventory of all buildings requiring inspections by that Office, and all inspection and investigation activities, are entered into the system in a timely manner.

Recommendation 6.4

The Office of the Fire Marshal should ensure all Deputy Fire Marshals submit activity reports as required.

Recommendation 6.5

The Office of the Fire Marshal should implement performance standards for Deputy Fire Marshals' activities.

Recommendation 6.6

The Office of the Fire Marshal should implement a system to regularly monitor and assess staff performance.

Recommendation 6.7

The Office of the Fire Marshal should implement a quality assurance process which includes key operational activities.



Recommendation 6.8

The Office of the Fire Marshal should define minimum standards to be used in determining an appropriate system of inspections for municipalities and update legislation as required.

Recommendation 6.9

The Office of the Fire Marshal should perform fire safety inspections when municipalities fail to complete inspections as required by the Fire Safety Act.

Recommendation 6.10

The Office of the Fire Marshal should implement policies and procedures to follow up deficiencies identified during its reviews of municipalities.

LABOUR AND
ADVANCED
EDUCATION: OFFICE
OF THE FIRE MARSHAL

Recommendation 6.11

The Office of the Fire Marshal should develop and implement a plan to determine whether municipalities are currently complying with their legislative responsibilities and to ensure that they continue to comply.

Recommendation 6.12

The Office of the Fire Marshal should meet their inspection responsibilities as required by legislation and Office of the Fire Marshal policy.

Recommendation 6.13

The Office of the Fire Marshal should ensure that public schools are inspected at the frequency required by the Fire Safety Act.

Recommendation 6.14

The Office of the Fire Marshal should define what constitutes a serious fire safety deficiency identified during inspections.

Recommendation 6.15

The Office of the Fire Marshal should implement policies and procedures regarding the inspection reporting method to be used by Deputy Fire Marshals when deficiencies are found.

Recommendation 6.16

The Office of the Fire Marshal should implement policies and procedures regarding the time frames required to report deficiencies identified during inspections.



Recommendation 6.17

The Office of the Fire Marshal should implement policies and procedures regarding required time frames for building owners to address deficiencies noted in inspection reports.

Recommendation 6.18

The Office of the Fire Marshal should implement policies and procedures for adequate follow-up and enforcement of inspection deficiencies.

Recommendation 6.19

The Office of Fire Marshal should implement inspection guidelines regarding inspection coverage.

Recommendation 6.20

The Office of the Fire Marshal should implement an inspection checklist which should be signed by the Deputy Fire Marshal.

Recommendation 6.21

The Office of the Fire Marshal should implement policies and procedures related to the documentation and investigation of fire safety related complaints.

Recommendation 6.22

The Office of the Fire Marshal should implement an orientation training policy.

Recommendation 6.23

The Office of the Fire Marshal should follow up on fire safety deficiencies noted during the review of construction plans to ensure these deficiencies have been appropriately addressed.

Recommendation 6.24

The Department of Labour and Advanced Education should make it a priority to address all recommendations in this Chapter.

Recommendation 6.25

The Office of the Fire Marshal should implement a fire safety education plan based on an assessment of risks. The plan should be monitored and periodically updated where applicable.



7 Service Nova Scotia and Municipal Relations: Registry of Motor Vehicles

The Department of Service Nova Scotia and Municipal Relations' (Department) processes for identifying and taking action on high-risk drivers as well as monitoring motor vehicle inspection stations and testers are inadequate. Although it is impossible to prevent all accidents and injuries on Nova Scotia roadways, ensuring that only competent and safe drivers are licensed and the vehicles which they operate are mechanically fit are important aspects of accident prevention. Unsafe vehicles and drivers compromise the safety of our roadways. We have made 21 recommendations to address the weaknesses identified during the audit.

Our audit identified a ten-month backlog of collision reports and a three-month backlog of medical reports. These reports are key documents needed to identify and assess drivers who pose a safety risk to the public. We also found significant time delays between the Department's review of drivers' records and intervention action taken.

The Department is not enforcing deadlines for drivers to provide required medical assessments. This means drivers with medical conditions that could impact their ability to safely operate a motor vehicle may continue to drive. Additionally, the Department does not consistently review drivers' records when high-risk driving behaviour is identified. We did note however, that driver's licences were issued in accordance with legislative requirements and Departmental policies for the cases we examined.

We found poor controls over the issue and return of motor vehicle inspection stickers and renewal of inspection station and tester licences. We also identified areas in which policies and procedures should be established. Safety inspection investigation procedures and management oversight processes were unclear or not followed. Additionally, there were weaknesses in inspection station audit selection and coverage across the province. We recommended the Department establish investigation procedures and management oversight processes, as well as improve the audit selection process.



Recommendations

Recommendation 7.1

Service Nova Scotia and Municipal Relations should implement a process to verify that driver examiners meet and continue to meet the position requirements for a valid driver's licence and safe driving record.

Recommendation 7.2

Service Nova Scotia and Municipal Relations should only issue licences to driving schools and instructors when all licensing requirements have been met and documented.

Recommendation 7.3

Service Nova Scotia and Municipal Relations should implement a process to follow up complaints and action items resulting from the review of driving schools. The process should include appropriate file documentation standards and timelines for completion.

Recommendation 7.4

Service Nova Scotia and Municipal Relations should eliminate the backlog of collision reports for processing.

Recommendation 7.5

Service Nova Scotia and Municipal Relations should implement a process for timely recording of collision reports in the Registry of Motor Vehicles system.

Recommendation 7.6

Service Nova Scotia and Municipal Relations should develop a tracking system to record all 24-hour and 90-day suspension reports and to document those reports referred to Driver Competency for further review. The tracking log should be reconciled periodically to ensure all suspensions have been recorded and the required reviews completed.

Recommendation 7.7

Service Nova Scotia and Municipal Relations should eliminate the backlog of medical documentation awaiting review.

Recommendation 7.8

Service Nova Scotia and Municipal Relations should implement and monitor standards for appropriate time frames to review and process medical documents received.



Recommendation 7.9

Service Nova Scotia and Municipal Relations should monitor and enforce deadlines for drivers to provide medical assessments within the required time frame.

Recommendation 7.10

Service Nova Scotia and Municipal Relations should implement standards that set out an appropriate time frame for review of, and action on, high-risk drivers' records. These standards should be monitored for compliance.

Recommendation 7.11

Service Nova Scotia and Municipal Relations should implement a quality assurance process to ensure suspensions and other decisions are accurately recorded in the Registry of Motor Vehicles system and drivers are promptly notified.

Recommendation 7.12

Service Nova Scotia and Municipal Relations should implement one set of criteria to identify high-risk drivers' records which require additional review and intervention action.

Recommendation 7.13

Service Nova Scotia and Municipal Relations should issue motor vehicle inspection licences only when licence requirements are met and documented.

Recommendation 7.14

Service Nova Scotia and Municipal Relations should implement a process to monitor and ensure stations and testers renew their licence prior to expiry.

Recommendation 7.15

Service Nova Scotia and Municipal Relations should implement policies and procedures to ensure inspection stations return completed sticker books, returned sticker books are promptly reconciled, and discrepancies investigated.

Recommendation 7.16

Service Nova Scotia and Municipal Relations should obtain all outstanding completed sticker books.

Recommendation 7.17

Service Nova Scotia and Municipal Relations should establish a cut-off date in December and cease issuing sticker books to stations that have not renewed their licence by that date.

SERVICE NOVA SCOTIA
AND MUNICIPAL
RELATIONS: REGISTRY
OF MOTOR VEHICLES



SERVICE NOVA SCOTIA
AND MUNICIPAL
RELATIONS: REGISTRY
OF MOTOR VEHICLES

Recommendation 7.18

Service Nova Scotia and Municipal Relations should implement a risk-based process for inspection station audit selection, set audit targets, and ensure uniform audit coverage across the province.

Recommendation 7.19

Service Nova Scotia and Municipal Relations should implement investigation procedures and management oversight processes for motor vehicle safety inspections.

Recommendation 7.20

Service Nova Scotia and Municipal Relations should provide written guidance for inspectors on enforcement strategies to assist them in determining appropriate action when they encounter vehicle safety inspection violations.

Recommendation 7.21

Service Nova Scotia and Municipal Relations should update its inspector's manual and policies to provide clear and appropriate guidance to motor vehicle safety inspectors.



8 Service Nova Scotia and Municipal Relations: Registry of Motor Vehicles Information and Technology

The Department of Service Nova Scotia and Municipal Relations does not have adequate controls to ensure the confidentiality and integrity of the information in its Registry of Motor Vehicles (RMV) systems. Nova Scotians who operate or own a motor vehicle are required to provide personal, sensitive information to the Department and strong controls are needed to protect the privacy and safety of these individuals. Stronger controls are needed to prevent such offences as credit card fraud, identity theft, and drivers having fraudulently-obtained licenses.

Processes to provide access to RMV systems are not documented and the removal of access privileges is deficient. Some users of RMV systems have access to confidential information they do not need to perform their job, and their access privileges are not always removed when they change job responsibilities or leave the Department.

The Department cannot be assured it provides licences, permits and identification cards only to those who are eligible to receive them. Potentially, certificates and cards could be issued based on fraudulent misrepresentations by customers or inappropriate actions of employees.

Privacy policies are not always followed. When processing transactions, some employees make photocopies of sensitive identity documents as part of the process to verify the customer's identity. Department policy states that such information is not to be retained. Further, any credit card information retained in this manner is against rules established by credit card companies when they authorize the use of their cards for receipt of payments. This is further complicated by the fact that the Department is unable to determine if its employees view this information, as well as other sensitive registry information, for their own personal knowledge or gain.

The Department provides RMV systems access to many other provincial, municipal and federal government entities, as well as some private-sector and non-government organizations. The



Department does not have policies or procedures for sharing registry information in the course of business and it is at risk of providing this information in a manner that violates the laws and regulations protecting the privacy of information. Some sharing arrangements are not supported by a signed information sharing agreement, and some arrangements that are supported by agreements are outdated and do not reflect all current standards and legislation.

Recommendations

Recommendation 8.1

Service Nova Scotia and Municipal Relations should implement and adhere to a transaction review process for all staff members who enter transactions into the Registry of Motor Vehicles systems.

Recommendation 8.2

Service Nova Scotia and Municipal Relations should improve its management of access to Registry of Motor Vehicles systems, including:

- the use of consistent processes;
- better documentation and tracking of the granting and changing of access privileges;
- provision of access to only the information needed by a system user;
- avoidance of segregation of duties problems;
- more timely deletion of access privileges when they are no longer needed; and
- removal of dormant user accounts.

Recommendation 8.3

Service Nova Scotia and Municipal Relations should develop processes for verifying information received from customers, at least on a test basis subsequent to the transaction.

Recommendation 8.4

Service Nova Scotia and Municipal Relations should provide fraud training to all staff responsible for assessing the authenticity of identification documents.

Recommendation 8.5

Service Nova Scotia and Municipal Relations should enforce the requirement that all system users read and sign a confidentiality



agreement before being granted access to Registry of Motor Vehicles systems.

Recommendation 8.6

Service Nova Scotia and Municipal Relations should create and enforce policies to prevent the retention of personal information that is not required to complete a transaction.

Recommendation 8.7

Service Nova Scotia and Municipal Relations should develop access log reports and use them to monitor for inappropriate access to Registry of Motor Vehicles' customer records.

Recommendation 8.8

Service Nova Scotia and Municipal Relations should have a process to ensure privacy statements provided to customers are accurate.

Recommendation 8.9

Service Nova Scotia and Municipal Relations should have a process to ensure only necessary information is shared with external organizations.

Recommendation 8.10

Service Nova Scotia and Municipal Relations should develop and follow a comprehensive policy with respect to the sharing of Registry of Motor Vehicles' customer information. The policy should indicate all external parties receiving information from and providing information to the Registry of Motor Vehicles, and set out requirements to administer information sharing agreements on a continual basis.

Recommendation 8.11

Service Nova Scotia and Municipal Relations should control access to the Registry of Motor Vehicles' training environment and test environment with the same level of rigor used for its live environment. Alternatively, it should not use data from its live systems in its training and test environments.

Recommendation 8.12

Service Nova Scotia and Municipal Relations should increase the security around the data in its Road Safety Medical System by regularly reviewing user accounts to ensure all accounts are still required, and by changing the configuration settings of the system to require stronger passwords.

SERVICE NOVA SCOTIA
AND MUNICIPAL
RELATIONS: REGISTRY
OF MOTOR VEHICLES
INFORMATION AND
TECHNOLOGY



Recommendation 8.13

The Chief Information Office should test and implement security patches for its Oracle database in a timely manner.

SERVICE NOVA SCOTIA
AND MUNICIPAL
RELATIONS: REGISTRY
OF MOTOR VEHICLES
INFORMATION AND
TECHNOLOGY