Follow-up

Follow-up of 2005 to 2009 Performance Audit Recommendations

Summary

The overall implementation rate of our performance audit recommendations is inadequate. Only 63% of the recommendations in our 2005 to 2009 reports were implemented. We consider there was a failure to implement recommendations still outstanding from our 2005 and 2006 reports. 32 of 107 recommendations made in 2005 (30%) and 33 of 111 recommendations made in 2006 (30%) were not implemented. These recommendations related to programs such as special education and fleet management. Government's failure to implement these recommendations constitutes poor management practices and poor accountability to the House.

The Province issued the first Provincial Update on the Auditor General Recommendations in fall 2011. During our review of information supporting the Update, we identified 82 errors in the reported statuses. The number of identified errors means there was a significant deficiency in the reliability of information used to prepare the Update. Information provided to Executive Council and the public was inaccurate. We recommended the system used by departments and agencies to report implementation statuses be updated and that Treasury Board Office implement a quality assurance process to ensure statuses reported in the system are complete and accurate.

We encountered significant difficulties completing this review, particularly from the Department of Education. Information requested to support statuses was not provided on a timely basis. In some cases, information finally provided did not address the issue raised and we had to seek additional support. In addition, there were numerous instances in which there was little or no information in the Tracking Auditor General Recommendations system to support the reported status. Despite the Department's assurances during last year's review that there would be improvements in its implementation rate, we found their rate, at 13%, remained the lowest of all departments.

The implementation rate of the Department of Health and Wellness increased from 36% to 56% since our last review. This is largely due to progress made in addressing recommendations from our 2009 reports, but the implementation rate of recommendations made during our audits of long term care in 2007 and home care in 2008 is 12% and 34% respectively. These implementation rates are insufficient for such significant programs.

Details of all performance audit recommendations from 2005 to 2009, along with their current status, can be found on our website at oag-ns.ca.

2 Follow-up of 2005 to 2009 Performance Audit Recommendations

Background

2.1 Our Office's strategic priorities include serving the House of Assembly, considering the public interest, and improving government performance. We work toward these priorities by providing legislators with the information they need to hold government accountable. We obtain this information primarily by conducting audits which, over time, will cover major activities of government. The results of our audits are detailed in our Reports to the House of Assembly. Each report includes recommendations which we believe provide practical, constructive advice to address issues raised by these audits.

2.2 We follow up the implementation status of these recommendations after two years. We believe two years is sufficient time for auditees to substantively address our recommendations.

2.3 This year we prepared two follow-up chapters. Chapter 6 of our January 2012 Report provided information on the status of recommendations concerning financial reporting and other financial management issues as well as how responsive departments and agencies were in implementing the recommendations from our 2005 to 2008 audits. (There were no financial reporting chapters in our 2009 Reports.) In this Chapter, we report the results of follow-up on the implementation status of the recommendations from our 2005 to 2009 performance audits.

2.4 During this assignment we reviewed government managements' self-assessment of their progress in implementing the outstanding 2005 to 2009 recommendations in Treasury Board Office's Tracking Auditor General Recommendations (TAGR) system. We also asked management to provide supporting information. Our review process focused on whether self-assessments and information provided by management were accurate, reliable and complete. This Chapter includes summary information on implementation status; more detailed information, including specific recommendations, can be found on our website at oag-ns.ca.

Review Objective and Scope

2.5 The objective of this assignment was to assess and report on the implementation status of performance audit recommendations included in reports of the Auditor General from 2005 to 2009.

2.6   Each government department and agency is required by the TAGR Steering Committee to document its self assessment on the implementation of the Office's recommendations recorded in the TAGR system. We reviewed information included in the TAGR system as of October 20, 2011. We understand the attributes that department and agency management use to determine the implementation status of recommendations for this system is consistent with the attributes we used during this assignment.

2.7   We performed additional procedures on those recommendations which government assessed as do not intend to implement or action no longer applicable. We focused on the reasons why government has chosen not to implement these recommendations. If the rationale appeared reasonable, we removed the recommendation from our statistics and will not conduct further follow up work on it.

2.8   Our review of the implementation status was based on representations by department and agency management which we substantiated through interviews and examination of documentation. We performed sufficient work to satisfy ourselves that the implementation status as described by management is plausible in the circumstances. This provides a moderate, not high, level of assurance. Further information on the difference between high and moderate assurance is available in the Canadian Institute of Chartered Accountants (CICA) Handbook, Section 5025 – Standards for Assurance Engagements other than Audits of Financial Statements.

2.9   Our criteria were based on qualitative characteristics of information as described in the CICA Handbook. Management representations on implementation status were assessed against three criteria.

- Accurate and neither overstate nor understate progress

- Reliable and verifiable

- Complete and adequately disclose progress to date

Significant Observations

Provincial Update on the Auditor General Recommendations

Conclusions and summary of observations

For the past three years, we have reported that information in the Tracking Auditor General Recommendations system was both incomplete and inaccurate. We found similar problems this year. As a result of our review, changes were made to the status of 82 recommendations reported in the system. Since information in the system was the source for the first Provincial Update on the Auditor General Recommendations issued in November 2011, the

Update was inaccurate. This is a serious deficiency in accountability to both Executive Council and the general public. We have recommended Treasury Board Office implement a quality assurance process to ensure information reported on the implementation status of recommendations in the Tracking Auditor General Recommendations system is accurate and complete.

2.10   Government has developed a system (Tracking Auditor General Recommendations) to track the implementation status of our recommendations. Oversight of the system is provided by a steering committee which consists of senior management of the Department of Finance, Treasury Board Office, and the Office of Priorities and Planning.

2.11   For the past three years, we have reported that information in the system was both incomplete and inaccurate. We found similar problems this year and identified the following issues.

- The implementation status of recommendations in the system was not accurate. Changes were made to the status of 82 of 510 (16%) recommendations after consultation with staff of departments and agencies. This is a high error rate. Thirty (36%) of these recommendations related to the Department of Health and Wellness (including certain district health authorities), and 16 (19%) recommendations related to the Department of Education (including certain school boards).

- We noted information in the system was missing, incomplete or had not been updated to reflect the current status of the recommendations. This was particularly evident for recommendations assigned to the Department of Education. There were numerous instances in which there was little or no information in the system to support the reported status.

2.12   The system was developed to provide information to government on the implementation status of our recommendations. If the information in the system is inaccurate and incomplete, results reported to senior management in departments is unreliable. The reliability of information is particularly important since government has committed to providing regular updates to the public on the implementation status of our recommendations.

Recommendation 2.1
Treasury Board Office should update the Tracking Auditor General Recommendations system to ensure it is accurate and complete.

Treasury Board Office Response:
We agree that TAGR should be accurate and complete and the TAGR Steering Committee will continue to work with departments and the Office of the Auditor General to help ensure responses to recommendations are tracked and reported appropriately.

2.13   *Provincial update* – In May 2011, government committed to updating Nova Scotians every six months on the progress of implementing our recommendations.   On November 9, 2011 the first Provincial Update on the Auditor General Recommendations as at October 31, 2011 was released.

2.14   The Update provides information on the status of recommendations by chapter and department or agency from Reports of the Auditor General issued from January 2009 to May 2011.   There is also summary information by department and agency for the 2005 to 2008 calendar years.   The Update is prepared from information contained in the Tracking Auditor General Recommendations system.

2.15   Although we did not review or otherwise verify the information provided in this Update, the majority of recommendations in the Update were part of our review process for preparation of this Chapter.   We found that the status of 82 recommendations reported in the Update was inaccurate.   In our opinion, this is a serious deficiency in accountability to both Executive Council and the general public because the information provided was incorrect and unreliable.   Government needs to develop a process to determine the accuracy of the information it is reporting and implement a quality assurance process to ensure information in the Tracking Auditor General Recommendations system, used to prepare the Provincial Update, is accurate and complete.

> *Recommendation 2.2*
> *Treasury Board Office should implement a quality assurance process to ensure information reported on the implementation status of recommendations in the Tracking Auditor General Recommendations system is accurate and complete.*

Treasury Board Office Response:
We do not agree with this recommendation; we do not believe the benefits of an additional quality assurance/audit process outweigh the costs of doing so.

Failure to Implement

Conclusions and summary of observations

We expect to see substantial implementation of our recommendations within two years. The Office issued two reports in each of 2005 and 2006 with a total of 233 recommendations. We determined that 153 (66%) of these recommendations have been implemented.   A further 15 (6%) recommendations have been removed from our calculations as they are no longer applicable or the rationale provided for not implementing them appears reasonable. There was a failure to implement 65 (28%) of the recommendations made in 2005 and 2006. Government's failure to correct deficiencies identified in our audits constitutes poor management practice and poor accountability to the House.

2.16 *Failure to implement recommendations from 2005 and 2006* – We expect to see substantial implementation of our recommendations within two years. Government has generally indicated their intention to implement the recommendations made from our audits at the time of their completion.

2.17 The Office issued two reports in each of 2005 and 2006 with a total of 233 recommendations. During this year's review, we determined that 153 (66%) of these recommendations have now been implemented. A further 15 (6%) recommendations have been removed from our calculations as they are no longer applicable or the rationale provided for not implementing them appears reasonable. We consider that there was a failure to implement the remaining 65 (28%) of the recommendations made in 2005 and 2006. 32 (30%) of these related to the 107 recommendations made in our 2005 reports, and 33 (30%) related to the 111 recommendations made in our 2006 reports.

2.18 Appendix 1 at the end of this Chapter provides a complete listing of recommendations from 2005 and 2006 which have not been implemented. The following paragraphs are examples of recommendations and the audit findings which supported them being made.

- In June 2005, we completed an audit of Special Education. During the audit, we attempted to obtain information on services being provided to all special needs students. We recommended the Department of Education and regional school boards should analyze the information needs for Special Education and consider developing a province-wide student information system. This would facilitate performance measurement of the programs provided to students, and assist decision making.

- Our December 2005 report included the results of a review of electronic information security and privacy protection. One objective of the review was to determine if the policies and practices of government regarding information security were appropriate to protect the electronic information in the custody of the government. We recommended a formal security risk analysis be conducted, by department, regarding controls over personal information. We further recommended that all staff with access to personal information be required to sign a confidentiality agreement as a condition of employment. This agreement, which should be reviewed annually, allows management to effect appropriate disciplinary procedures should a breach of confidentiality occur.

- We conducted an audit of the Student Assistance program in 2005. During our examination of the application and assessment process, we noted that factors such as marital status and dependents can complicate the usual simplicity of the assessment process. We recommended an analysis of the risks affecting the Student Assistance program be prepared and appropriate preventative and detective controls be implemented to mitigate these risks, including an effective quality control program.

- In June 2006, we reported the results of an audit at three district health authorities. We again recommended, as we had during a previous audit conducted in 2002, that the Department of Health (now the Department of Health and Wellness) establish and implement a funding formula for funding allocations to the district health authorities. This recommendation was consistent with that made by a consultant engaged by the Department in 2004 to conduct value-for-money assessments at two of the authorities included in the scope of our audit.

- We audited planning and management of highway projects at the Department of Transportation and Public Works (now the Department of Transportation and Infrastructure Renewal) in December 2006. At that time, the Department had recently acquired a bridge management system to maintain inventory and other data. When fully operational, the system was expected to allow the Department to explore the impact of funding options on the overall state of the bridge inventory and present options for the rehabilitation of each structure. We recommended the Department implement the system on a timely basis to assist in prioritizing projects for its annual and long-range plans.

2.19 Of the 22 chapters included in these four Reports, 10 (five each) related to the Departments of Education, and Health and Wellness. One chapter (Student Assistance – Chapter 7, December 2005 Report) was reassigned to the Department of Labour and Advanced Education this year due to the transfer of the student loans program to that Department. Four chapters (two each) related to the Departments of Transportation and Infrastructure Renewal, and Justice. 50 (77%) of the 65 recommendations not implemented to date, and which we now consider as failed to implement, relate to these five departments. The remaining recommendations related to other departments and agencies.

2.20 21 (42%) of these 50 recommendations were made to the Department of Education and certain regional school boards. Since the time of our last review, reported in May 2011, we note that only four of the original 50 recommendations made to the Department and these boards in 2005 and 2006 were implemented. This lack of progress contributed to the Department having the lowest implementation rate of all recommendations made in 2005 and 2006.

2.21 Department of Education senior management advised us they would make it a priority to address our recommendations based on the poor results reported in 2011, and we included this commitment in our May 2011 report. However, our statistics indicate little action was taken on these earlier recommendations. In our view, the Department of Education did not assign priority to this task. The Department continues to ignore earlier recommendations.

2.22 Similarly, since 2011, the Department of Health and Wellness only implemented an additional four of the original 46 recommendations made to the Department and certain district health authorities during 2005 and 2006. This lack of action is contrary

to that promised by the Department after the release of our 2011 report. While there was improvement in implementing recommendations from our 2009 audits, there has been little progress made on older recommendations.

2.23 During this year's review, we found that there has been little or no progress by either the Department of Transportation and Infrastructure Renewal, or the Department of Justice, since our last review in implementing recommendations made during our 2005 and 2006 audits. There was also no progress made by the Department of Labour and Advanced Education in implementing recommendations related to student assistance.

2.24 As time elapses and recommendations fail to be addressed, management is likely to lose track of important issues raised in our audits of programs and services, and changes encouraged by our recommendations may not occur. In addition to missed improvements in existing programs and services as a result of this inaction, government misses the opportunity to incorporate best practices in new or revised programs. Government's failure to correct the deficiencies pointed out in our reports constitutes poor management practice and poor accountability to the House.

Implementation Results – 2005 to 2009

Conclusions and summary of observations

The overall implementation rate for recommendations made in our reports from 2005 to 2009 is 63%. The response from government in implementing our recommendations is inadequate and shows a lack of commitment by government. We encountered significant difficulties in completing our review of the implementation status of recommendations made to the Department of Education and various school boards; numerous changes were made to their initial reported statuses. This situation contributed to the number of corrections needed in the Tracking Auditor General Recommendation system, and also to our conclusion on the inaccuracy of the Provincial Update on the Auditor General Recommendations as at October 31, 2011. Significant improvement is required in implementing the recommendations made during our audits of the Department of Health and Wellness's long-term care and home care programs. Only 10 (27%) of the 37 recommendations made during those audits, which were conducted in 2007 and 2008, have been implemented to date. This response is insufficient for these significant programs.

2.25 *Scope of review* – We followed up the status of 481 recommendations made in our reports between 2005 and 2009. Responsibility for certain recommendations on which we reported in May 2011 was reassigned by the TAGR Steering Committee during the year to ensure responsibility to implement the recommendations was assigned to the appropriate department or agency. As a result, some statistics differ from last year.
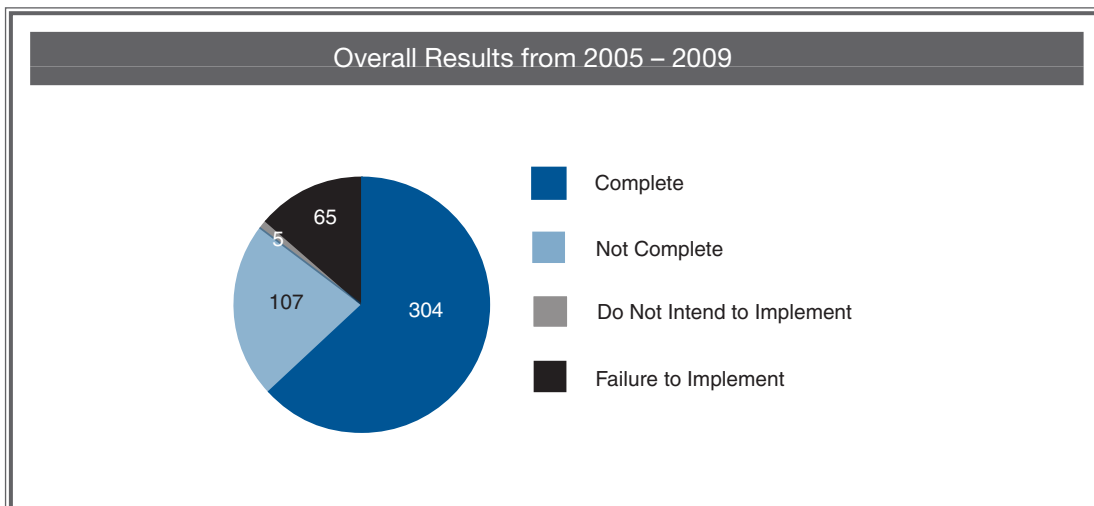
2.26 *Do not intend to implement or action no longer appropriate* – 28 recommendations were reported to us as do not intend to implement or action no longer appropriate. We reviewed the information provided by government with respect to these recommendations and determined the rationale provided for 20 recommendations was reasonable. These recommendations have been removed from further analysis and statistics. We disagree with government's rationale for not implementing the remaining eight recommendations and believe the findings on which the recommendations were based still exist. Examples of these recommendations are as follows.
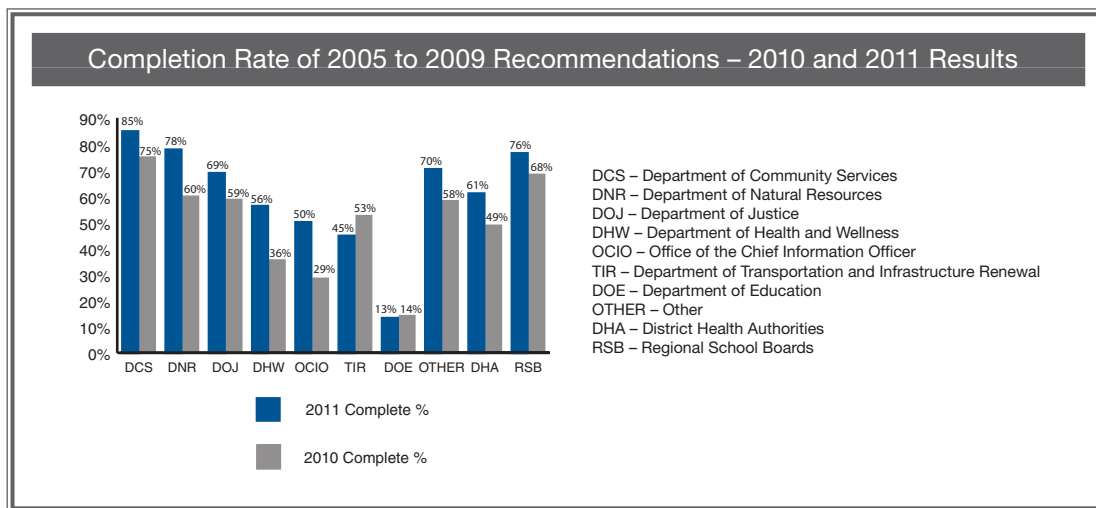
- The Pension Regulation Division at the Department of Labour and Advanced Education should implement a process to verify that pension plan assets are prudently invested, and invested in accordance with legislation and the plan's statement of investment policies and procedures.

- Regulations to the Education Act should reflect best practices in the roles and responsibilities of audit committees at school boards.

- The extent of internal audit activity within government (departments and agencies) should be assessed and a plan should be developed to address deficiencies.

2.27 *Overall analysis* – The following exhibits summarize the implementation status of the 481 recommendations made from 2005 to 2009.

Implementation Status	2005 Reports	2006 Reports	2007 Reports	2008 Reports	2009 Reports	Overall
Complete	70%	70%	57%	54%	63%	63%
Not Complete	0%	0%	43%	43%	35%	22%
Do Not Intend to Implement	0%	0%	0%	3%	2%	1%
Failure to Implement	30%	30%	0%	0%	0%	14%
	100%	100%	100%	100%	100%	100%

Overall Results from 2005 – 2009

2.28   The overall implementation rate this year is 63%, an 11% increase over the implementation rate of 52% reported in May 2011. The number of recommendations assessed as do not intend to implement or action no longer appropriate has decreased from the prior year because we re-evaluated government's rationale for not implementing several recommendations and determined it was reasonable. Accordingly, these recommendations have been excluded from our statistics. This has resulted in an improved implementation rate this year. If we had not changed our calculations this year, the implementation rate would have been 61%.

2.29   The overall response from government in implementing recommendations is inadequate.   Only 70% of our recommendations in 2005 and 2006 have been implemented. We now consider there was a failure to implement the remaining recommendations in these two years.   These statistics show a lack of commitment by government to implement our recommendations.

2.30   The implementation rate for our 2007 recommendations is 57%; 33 recommendations have not been implemented.   For 2008, 54% of our recommendations have been implemented; 49 recommendations have not been implemented.   Based on the results for 2005 and 2006, we are concerned that many of these recommendations will not be implemented.

2.31   When we make recommendations as a result of our audits, we seek acknowledgement from departments and agencies that they agree with and intend to implement the recommendations.   Almost all published responses included in our reports indicate both agreement and intention to implement.   We therefore expect to see higher implementation rates than what we have found to date; we also expect to see substantially full implementation within two years.

2.32   *Department and agency analysis 2005 to 2009* – The results by department and agency provide an indication of which organizations have made it a priority to address our recommendations. The following graph shows the implementation rate for those organizations in which we have conducted a significant number of audits, or to which we have made a significant number of recommendations. The Department of Community Services has the highest implementation rate at 85%, while the Department of Education has the lowest rate at 13%.

Completion Rate of 2005 to 2009 Recommendations – 2010 and 2011 Results

DCS – Department of Community Services
DNR – Department of Natural Resources
DOJ – Department of Justice
DHW – Department of Health and Wellness
OCIO – Office of the Chief Information Officer
TIR – Department of Transportation and Infrastructure Renewal
DOE – Department of Education
OTHER – Other
DHA – District Health Authorities
RSB – Regional School Boards

2011 Complete %

2010 Complete %

2.33   *Department of Natural Resources* – The implementation rate of recommendations made to the Department of Natural Resources increased to 78% from 60%. However this increase was because three additional recommendations from our 2005 audit of fleet management were implemented during the year. Six recommendations made in 2005 and 2006 are now considered as failed to implement. Overall, the Department made little progress in implementing our audit recommendations during the year.

2.34   *Department of Justice* – The implementation rate of recommendations made to the Department of Justice increased to 69% from 59%. The Department implemented three more recommendations from our 2007 audit of the Maintenance Enforcement Program, bringing the overall implementation rate after four years to 67% on this critical program. Recommendations related to bank accounts and funds transfers in this Program remain to be implemented.

2.35   *Department of Health and Wellness* – After the results of our follow-up of 2005 to 2008 recommendations were reported in May 2011, senior staff of the Department of Health and Wellness contacted our Office with a pledge to improve their implementation rate. The overall implementation rate for the Department increased from 36% to 56% since our last review, a 20% increase.

2.36   The implementation rates for recommendations made in 2005 and 2006 were 80% and 74% respectively. Outstanding recommendations from those years, including those made to district health authorities, we now consider as failed to implement. The implementation rates for the Department on recommendations made in 2007 and 2008 were 35% and 46% respectively. Of the 30 recommendations assigned to the Department from our 2009 reports, 21 (70%) have been fully implemented within two years, including 75% of the recommendations made in our July 2009 special report on pandemic preparedness.   We are encouraged by the commitment the Department has shown to implement our recent recommendations but additional effort is required. We urge the Department to pursue implementation of recommendations made in 2007

and 2008, particularly with respect to audits conducted on home care and long term care programs in those years.

2.37 At the time of our audits, the Department's Continuing Care Branch provided access to home care and long term care services. We conducted an audit on aspects of the long term care program in June 2007 and made eight recommendations regarding accountability of service providers and placement decisions. Only 1 (12%) of these recommendations has been implemented. In November 2008, we conducted an audit of the home care program and made 29 recommendations, of which 9 (31%) have been implemented to date. These recommendations relate to client assessment and reassessment and the investigation of complaints. The implementation rate for these audits is insufficient and we consider the Department's efforts in implementing these outstanding recommendations as an indication of its overall commitment to the implementation process.

2.38 *Department of Transportation and Infrastructure Renewal* – The overall implementation rate for the Department is 45% (13 out of 29 recommendations). The Department has failed to implement seven (24%) recommendations made in our June 2005 and December 2006 Reports.

2.39 During last year's review, we concluded that six of the seven (86%) recommendations made in our November 2008 Report concerning public passenger vehicle safety had not been implemented. Since responsibility for this program was transferred to the Department from the Nova Scotia Utility and Review Board in 2011, this rate has not changed.

2.40 *Department of Education* – We encountered significant difficulties in completing our review of the implementation status of recommendations made to the Department of Education and various school boards. Information requested to support statuses, as well as management agreement on changes to statuses, was not provided on a timely basis. In some cases, information finally provided did not address the issue raised and we had to seek additional support. In addition, there were discrepancies between the statues entered into the Tracking Auditor General Recommendations system by the Department and the documentation provided to us by school boards to support the statuses. This resulted in numerous changes made to statuses and contributed to the number of corrections needed in the system, and also to our conclusion on the inaccuracy of the Provincial Update on the Auditor General Recommendations as at October 31, 2011.

2.41 The implementation rate for the Department of Education is 13%. Of the 15 recommendations made in 2005 to 2009 Reports, two recommendations have been implemented, two recommendations will not be implemented, and the Department failed to implement the remaining 11 recommendations.

2.42 Since 2007, only one audit has been conducted at the Department of Education (February 2008 – South Shore Regional School Board). 83% (15 of 18

recommendations) made to the Board have been implemented to date. The Board's response is noteworthy considering the overall lack of attention by the Department of Education to our recommendations to date.

2005 and 2006 – Failure to Implement Recommendations

June 2005 Recommendations

Chapter 4 – Special Education – Education

4.1   We recommend that all RSBs conduct regular evaluations of Special Education programs with input from all stakeholder groups to serve as a basis for planning and performance reporting.
Annapolis Valley Regional School Board

4.2   We recommend the Department and RSBs analyze information needs for Special Education and consider the development of a Province-wide student information system to accumulate and report data.
Annapolis Valley Regional School Board
Department of Education

4.3   We recommend that the Department of Education require RSBs to prepare a comprehensive annual report on the performance of all major Special Education programs. The annual report should be made available to stakeholders including the Department, parents, and members of the House of Assembly.
Department of Education

4.5   We recommend that government review and update the Education Act and related regulations to ensure that they reflect the current funding environment.
Department of Education

4.7   We recommend that the Department of Education improve its guidance to RSBs regarding accounting for Special Education expenditures to specifically describe which costs can be charged and how they are to be calculated. A direct costing model should be adopted to ensure that all significant Special Education expenditures are being appropriately identified, classified and reported on a consistent basis at all Boards.
Department of Education

Chapter 5 – Pension Administration System (PenFax) – Finance (now assigned to Nova Scotia Pension Agency)

5.1   We recommend that the PSG establish and test an appropriate disaster recovery plan for the PenFax system. This should include service level agreements with entities external to the PSG.
Nova Scotia Pension Agency

5.2   We recommend the establishment of a policy requiring departments to have an appropriate business continuity plan, and that this plan be kept up-to-date. Further, we recommend the establishment of an initiative to undertake the development and implementation of a corporate business continuity planning process.
Emergency Management Office

Chapter 6 – Nova Scotia hospital Information System (NShIS) Project – Health (now Health and Wellness)

6.1   We recommend the disaster recovery plans and procedures be formalized and tested.
Department of Health and Wellness

2005 and 2006 – Failure to Implement Recommendations

Chapter 8 – Fleet Management – Natural Resources and Transportation and Public Works (Transportation and Infrastructure Renewal)

8.1   We recommend that Transportation and Public Works and Natural Resources investigate ways of coordinating their fleet management operations in order to promote economy and efficiency. In doing so, consideration should be given to including fleet operations of other government departments and agencies.
Department of Natural Resources
Department of Transportation and Infrastructure Renewal

8.7   We recommend that Transportation and Public Works and Natural Resources develop a formal fleet maintenance policy and improve existing systems and practices to ensure vehicles are properly maintained. We further recommend that maintenance activities be adequately supported by appropriate documentation.
Department of Transportation and Infrastructure Renewal

8.8   We recommend that Transportation and Public Works and Natural Resources obtain and use information necessary to monitor whether fleet assets are used efficiently and only for authorized purposes.
Department of Transportation and Infrastructure Renewal

8.11   We recommend that the current registration process be reviewed to determine if there is an opportunity to improve the efficiency of registering Provincial vehicles with the Registry of Motor Vehicles.
Department of Transportation and Infrastructure Renewal

8.13   We recommend that Transportation and Public Works and Natural Resources ensure that bulk fuel storage for fleet operations complies with Provincial regulations. Documentation for inspection and maintenance of storage tanks should be improved. Responsibilities for fuel storage should be clearly assigned and communicated.
Department of Natural Resources – vehicle fleet

8.14(2) Environmental site assessments should be performed on all fuel storage sites operated by the Provincial government, and contaminated sites requiring remediation should be remediated in a timely manner.
Department of Natural Resources

8.16   We recommend measures be taken by Transportation and Public Works and Natural Resources to improve controls over fuel expenses and consumption.
Department of Transportation and Infrastructure Renewal

December 2005 Recommendations

Chapter 3 – Consulting Contracts and Service Arrangements

3.1   We recommend that the business need and other planning considerations be adequately documented in the project files to support the initiation and implementation of a project.
Department of Economic and Rural Development and Tourism (former Office of Economic Development)

3.3   We recommend that change control procedures be defined and documented to control changes to projects. Change requests should be handled as described in the change control process.

2005 and 2006 – Failure to Implement Recommendations

Department of Economic and Rural Development and Tourism (former Office of Economic Development and former Department of Tourism, Culture and Heritage)

3.5   We recommend that departments undertake post-completion evaluations to assess project management, consultant performance, and lessons learned to improve future projects. Where the consultants provide a report, the usefulness of the report should be assessed and an action plan documented to address any recommendations.
Department of Economic and Rural Development and Tourism (former Office of Economic Development)

Chapter 4 – Electronic Information Security and Privacy Protection

4.3   We recommend that a government-wide comprehensive security architecture be developed and implemented and that departmental comprehensive security architectures, consistent with the government-wide architecture, be developed and implemented.
Department of Justice

4.4   We recommend that a formal security risk analysis be conducted, by department, regarding personal information. This might appropriately be a part of the development of a security architecture as recommended above.
Department of Justice

4.6   We recommend that all staff with access to personal information be required to read and sign a confidentiality agreement as a condition of employment and that this agreement be renewed annually.
Department of Justice

Chapter 6 – Income Assistance and Child Care Centres – Community Services

6.2(1) We recommend that the Department of Community Services develop formal file documentation standards for its child care centre licensing activities. In addition, efficiency of licensing activities should be increased by eliminating duplication of recordkeeping and more fully utilizing the computerized licensing system. For example, this could be achieved by providing Early Childhood Development Officers with the ability to complete licensing checklists electronically during inspection visits.

Chapter 7 – Student Assistance – Education (now assigned to Department of Labour and Advanced Education)

7.2   (repeated from 2002 audit) We recommend that the Student Assistance Division prepare an annual operational plan to provide a clear link between the overall Departmental goals and priorities and the more specific goals, priorities, and activities of the Branch and Division. The plan should include measurable performance indicators and targets. The Student Assistance Division should report performance in relation to the plan.

7.4   (repeated from 2002 audit) We recommend that the Department perform an analysis of risks affecting the Student Assistance program, and implement appropriate preventive and detective controls. The Department should consider either verifying the income of Student Assistance applicants and supporting persons through electronic comparisons with CRA data and/or establishing a formal, comprehensive audit regime.

2005 and 2006 – Failure to Implement Recommendations

7.5   We recommend that the Student Assistance Division improve its internal quality control process by implementing risk assessment and internal audit.

7.6   We recommend that the Student Assistance Division establish a formal target for application turnaround time and report achievement.

7.9   (repeated from 2002 audit) We recommend that the Department of Education continue to pursue a Designation Policy for the Student Assistance program.

Chapter 8 – Sport and Recreation Program Area – Office of Health Promotion (now Department of Health and Wellness)

8.9   We recommend the Sport and Recreation program area continue to implement the CIMS system for all grant programs.

June 2006 Recommendations

Chapter 4 – Information Technology and Financial Controls – Community Services

4.2   We recommend the Department review and update its information technology strategic plan to ensure it reflects changes in information technology and continues to meet Department and user needs. We also recommend an annual business or operational plan be prepared for the Information Technology Services section.

4.10   We recommend the Department examine its information technology purchase approval process and evaluate the necessity of having the current number of approvals.

Chapter 6 – Atlantic Provinces Special Education Authority – Education

6.1(2) We recommend that the Nova Scotia Department of Education pursue changes to both the related inter-provincial agreement to ensure they reflect current APSEA operations.
Department of Education

6.2   We recommend that the APSEA Board improve its governance practices as follows:
• more frequent Board meetings; and
• cyclical review of policies to ensure they are current and include important areas such as conflict of interest and a code of conduct.
Atlantic Provinces Special Education Authority

6.6   We recommend Trust Fund Committee members assess their information needs and obtain the required information from management. The APSEA Board should formally consider the current Trust Fund governance structure to determine whether alternate governance arrangements would improve the accountability to donors.
Atlantic Provinces Special Education Authority

6.7   We recommend that APSEA's legislation be modified to include a requirement to report annually to the House of Assembly.
Atlantic Provinces Special Education Authority
Department of Education

2005 and 2006 – Failure to Implement Recommendations

6.8   We recommend that APSEA management and the Board develop performance indicators and measures which include student outcomes, and establish an annual process for reporting progress.
Atlantic Provinces Special Education Authority

6.11   We recommend that APSEA management prepare an annual business plan for approval by the Board.
Atlantic Provinces Special Education Authority

Chapter 7 – Conseil scolaire acadien provincial – Education

7.3   (same as Recommendation 8.4) We recommend that the Department of Education seek Executive Council approval for school board commercial activities as required under Section 64 (A) of the Education Act.
Department of Education

7.4   We recommend that CSAP establish a policy for school-based funds which applies to all schools. This policy should include requirements for appropriate internal controls and monitoring by CSAP's central office.
Conseil scolaire acadien provincial

7.8   We recommend that the DOE, CSAP and RSBs make a concerted effort to consider shared services in order to achieve due regard for economy and efficiency while maintaining the importance of the cultural mandate. CSAP should formally analyze both the cultural factors and costs of sharing versus stand-alone options and attempt to minimize costs when making decisions.
Conseil scolaire acadien provincial
Department of Education

Chapter 8 – Strait Regional School Board – Education

8.3   We recommend that the Department of Education and RSBs establish salary guidance for all non-union staff at Regional School Boards.
Department of Education

8.4   We recommend that the Department of Education seek Executive Council approval for school board commercial activities as required under Section 64 (A) of the Education Act.
Department of Education

8.11   We recommend that SRSB and DOE continue to investigate opportunities for the purchase of fuel from DTPW facilities.
Strait Regional School Board
Department of Education

Chapter 9 – District Health Authorities – Colchester East Hants, Cumberland & Pictou County – Health (now Health and Wellness)

9.2   (repeated from 2002 Report) We recommend that the Department of Health establish and implement a funding formula to rationalize funding allocations to DHAs.
Department of Health

9.3   We recommend that CHA and PCHA develop written policies and procedures requiring periodic monitoring and forecasting. We also recommend that CHA and PCHA financial

2005 and 2006 – Failure to Implement Recommendations

reports be modified to include a comparison between budget for the year and a current forecast of results to year end, and written analysis of variances.
Cumberland Health Authority
Pictou County Health Authority

9.6   We recommend the DHAs address the recommendations made by the external auditors and the external consultant concerning information systems security.
Pictou County Health Authority

9.9   We recommend implementation of workload measurement systems for better scheduling of nursing resources. We also recommend improvement in the information systems relating to the summary reporting of causes for overtime.
Colchester East Hants Health Authority
Cumberland Health Authority
Pictou County Health Authority

Chapter 10 – Payments to Physicians – Health (now Health and Wellness)

10.4   (repeated from 2003) We recommend that the Department of Health conduct a detailed analysis of the risks and benefits associated with the payment of claims for expired health cards and that appropriate controls and procedures be implemented.

Chapter 11 – Sustainable Timber Supply – Natural Resources

11.5   We recommend the Department regularly report progress towards each of its significant integrated resource management goals and objectives.

11.6   We recommend the Department establish performance measures relating to sustainable forestry on both private and crown land, and report progress towards forest sustainability on a regular basis.

11.9   We recommend the Department annually report balances and financial activity in the special funds it administers.

December 2006 Recommendations

Chapter 4 – Review of Systems to Collect Wait Time Information – Health (now Health and Wellness)

4.3   We recommend that the reporting of wait times for referrals to radiation cancer specialists reflect more comprehensive information such as the cumulative distributions by type of cancer.

4.5   We recommend that the Department of Health's website disclosure of the wait time for MRIs reflect more comprehensive information such as the specific wait times for major types of MRI examinations rather than just a single data point such as the average for all types.

4.9   We recommend implementation of a formal quality control process for wait time data at both the District Health Authorities where the reports originate and the Department of Health.

2005 and 2006 – Failure to Implement Recommendations

Chapter 5 – Correctional Services – Justice

5.1   We recommend Correctional Services develop, implement and report performance measures, indicators and targets for all key programs and services to enable an assessment of the efficiency and effectiveness of the Division.

Chapter 6 – Planning and Management of Highway Projects – Transportation and Public Works (now Transportation and Infrastructure Renewal)

6.3   We recommend that the Department work toward fully implementing the bridge management system on a timely basis. In addition, the Department should adequately address similar information needs for its management of pavement.

Status of Recommendations by Entity, by Chapter

Report and Chapter	Entity	Complete	Not Complete	Do Not Intend to Implement	Failed to Implement	Total
Department of Community Services						
December 2005 Chapter 6: Income Assistance and Child Care Centres	DCS	10			1	11
June 2006 Chapter 4: Information Technology and Financial Controls	DCS	8			2	10
June 2007 Chapter 6: Regional Housing Authorities	DCS CBIHA MRHA	4 3 3	2			6 3 3
Recommendations		**28 85%**	**2 6%**	**0 0%**	**3 9%**	**33 100%**
Department of Natural Resources						
June 2005 Chapter 8: Fleet Management	DNR	14			3	17
June 2006 Chapter 11: Sustainable Timber Supply	DNR	7			3	10
Recommendations		**21 78%**	**0 0%**	**0 0%**	**6 22%**	**27 100%**
Department of Justice						
December 2005 Chapter 4: Electronic Information Security and Privacy Protection	DOJ	5			3	8
December 2006 Chapter 5: Correctional Services	DOJ	5			1	6
June 2007 Chapter 5: Maintenance Enforcement Program	DOJ	12	6			18
Recommendations		**22 69%**	**6 19%**	**0 0%**	**4 12%**	**32 100%**

Status of Recommendations by Entity, by Chapter

Report and Chapter	Entity	Complete	Not Complete	Do Not Intend to Implement	Failed to Implement	Total
Department of Health and Wellness						
June 2005 Chapter 6: Nova Scotia Hospital information System (NShIS) Project	DHW				1	1
December 2005 Chapter 8: Sport and Recreation Program Area (former Office of Health Promotion)	DHW	8			1	9
June 2006 Chapter 9: District Health Authorities	DHW				1	1
Chapter 10: Payments to Physicians	DHW	5			1	6
December 2006 Chapter 4: Review of Systems to Collect Wait Time Information	DHW	9			3	12
June 2007 Chapter 2: Management of Diagnostic Imaging Equipment	DHW	1	4			5
Chapter 3: Emergency Health Services	DHW	6	4			10
Chapter 4: Long-Term Care - Nursing Homes and Homes for the Aged	DHW	1	7			8
February 2008 Chapter 4: Communicable Disease Prevention and Control (former Department of Health Promotion and Protection)	DHW	12	7			19
November 2008 Chapter 4: Home Care	DHW	9	19	1		29
April 2009 Chapter 2: Audit Committees	DHW		2			2

Status of Recommendations by Entity, by Chapter						
Report and Chapter	Entity	Complete	Not Complete	Do Not Intend to Implement	Failed to Implement	Total

Department of Health and Wellness (continued)

Report and Chapter	Entity	Complete	Not Complete	Do Not Intend to Implement	Failed to Implement	Total
July 2009 Pandemic Preparedness	DHW	21	7			28
Recommendations		72 56%	50 38%	1 1%	7 5%	130 100%

District Health Authorities

Report and Chapter	Entity	Complete	Not Complete	Do Not Intend to Implement	Failed to Implement	Total
June 2006 Chapter 9: District Health Authorities	CEHHA CHA PCHA	4 4 3			1 2 3	5 6 6
June 2007 Chapter 2: Management of Diagnostic Imaging Equipment	CBDHA CDHA	6 7	5 5			11 12
July 2009 Pandemic Preparedness	PCHA	1				1
Recommendations		25 61%	10 24%	0 0%	6 15%	41 100%

Office of the Chief Information Officer

Report and Chapter	Entity	Complete	Not Complete	Do Not Intend to Implement	Failed to Implement	Total
June 2005 Chapter 5: Pension Administration System (PenFax)	OCIO	1				1
February 2008 Chapter 5: Governance of Information Technology Operations	OCIO	1	5			6
April 2009 Chapter 3: Information Technology Security	OCIO	12	9			21
Recommendations		14 50%	14 50%	0 0%	0 0%	28 100%

Department of Transportation and Infrastructure Renewal

Report and Chapter	Entity	Complete	Not Complete	Do Not Intend to Implement	Failed to Implement	Total
June 2005 Chapter 8: Fleet Management	DTIR	6			6	12

Status of Recommendations by Entity, by Chapter

Report and Chapter	Entity	Complete	Not Complete	Do Not Intend to Implement	Failed to Implement	Total
Department of Transportation and Infrastructure Renewal (continued)						
December 2006 Chapter 6: Planning and Management of Highway Projects	DTIR	4			1	5
November 2008 Chapter 6: Public Passenger Vehicle Safety (formerly assigned to Nova Scotia Utility and Review Board)	DTIR	1	6			7
April 2009 Chapter 4: Truck Safety	DTIR	2	3			5
Recommendations		13 45%	9 31%	0 0%	7 24%	29 100%
Department of Education						
June 2005 Chapter 4: Special Education	DOE				4	4
June 2006 Chapter 6: Atlantic Provinces Special Education Authority	DOE	1			2	3
Chapter 7: Conseil scolaire acadien provincial	DOE	1			2	3
Chapter 8: Strait Regional School Board	DOE				3	3
April 2009 Chapter 2: Audit Committees	DOE			2		2
Recommendations		2 13%	0 0%	2 13%	11 74%	15 100%
Regional School Boards						
June 2005 Chapter 4: Special Education	AVRSB	1			2	3
	CCRSB	3				3
June 2006 Chapter 6: Atlantic Provinces Special Education Authority	APSEA	9			5	14

Status of Recommendations by Entity, by Chapter						

Report and Chapter	Entity	Complete	Not Complete	Do Not Intend to Implement	Failed to Implement	Total
Regional School Boards (continued)						
June 2006 Chapter 7: Conseil Scolaire Acadien Provincial	CSAP	4			2	6
Chapter 8: Strait Regional School Board	SRSB	10			1	11
February 2008 Chapter 2: South Shore Regional School Board	SSRSB	15	3			18
Recommendations		**42** **77%**	**3** **5%**	**0** **0%**	**10** **18%**	**55** **100%**

Other Departments and Agencies

Department of Economic and Rural Development and Tourism

Report and Chapter	Entity	Complete	Not Complete	Do Not Intend to Implement	Failed to Implement	Total
December 2005 Chapter 3: Consulting Contracts and Service Arrangements (former Office of Economic Development and Department of Tourism, Culture and Heritage)		1 4			3 1	4 5
June 2006 Chapter 5: Nova Scotia Research and Innovation Trust (former Office of Economic Development)		3				3
Subtotal		**8**			**4**	**12**

Department of Environment

Report and Chapter	Entity	Complete	Not Complete	Do Not Intend to Implement	Failed to Implement	Total
February 2008 Chapter 3: Environmental Monitoring and Compliance		5	2			7
Subtotal		**5**	**2**			**7**

Status of Recommendations by Entity, by Chapter

Report and Chapter	Entity	Complete	Not Complete	Do Not Intend to Implement	Failed to Implement	Total
Department of Finance						
December 2005 Chapter 3: Consulting Contracts and Service Arrangements		5				5
April 2009 Chapter 5: Follow-up of 2006 Audit Recommendations			1			1
Subtotal		**5**	**1**			**6**
Department of Intergovernmental Affairs						
December 2005 Chapter 3: Consulting Contracts and Service Arrangements		5				5
Subtotal		**5**				**5**
Department of Labour and Advanced Education						
December 2005 Chapter 7: Student Assistance (formerly assigned to Department of Education)		3			5	8
November 2008 Chapter 5: Pension Regulation		2	2	1		5
Subtotal		**5**	**2**	**1**	**5**	**13**
Department of Service Nova Scotia and Municipal Relations						
June 2007 Chapter 5: Maintenance Enforcement Program		1				1
April 2009 Chapter 4: Truck Safety		5	1			6
Subtotal		**6**	**1**			**7**
Emergency Management Office						
June 2005 Chapter 5: Pension Administration System (PenFax)					1	1

Status of Recommendations by Entity, by Chapter

Report and Chapter	Entity	Complete	Not Complete	Do Not Intend to Implement	Failed to Implement	Total
Emergency Management Office (continued)						
July 2009 Pandemic Preparedness			2			2
Subtotal			**2**			**3**
Executive Council Office						
July 2009 Pandemic Preparedness		2				2
Internal Audit Centre						
November 2008 Chapter 3: Internal Audit		4				4
Nova Scotia Community College						
November 2008 Chapter 3: Internal Audit		3	1			4
Nova Scotia Liquor Corporation						
November 2008 Chapter 3: Internal Audit		3				3
Nova Scotia Pension Agency						
June 2005 Chapter 5: Pension Administration System (PenFax)		5			1	6
Public Service Commission						
December 2005 Chapter 3: Consulting Contracts and Service Arrangements		1				1
December 2006 Chapter 3: Audit of HR Application Controls in SAP R/3 System		1				1
Subtotal		**2**				**2**

Status of Recommendations by Entity, by Chapter						
Report and Chapter	Entity	Complete	Not Complete	Do Not Intend to Implement	Failed to Implement	Total
Office of Immigration						
June 2008 Phase 1: Economic Stream of the Nova Scotia Nominee Program			1			1
October 2008 Phase 2: Economic Stream of the Nova Scotia Nominee Program			1			1
Subtotal			**2**			**2**
Treasury Board Office						
December 2005 Chapter 3: Consulting Contracts and Service Arrangements		3				3
February 2008 Chapter 5: Governance of Information Technology Operations		1				1
November 2008 Chapter 3: Internal Audit				1		1
April 2009 Chapter 2: Audit Committees		7	3			10
Subtotal		**11**	**3**	**1**		**15**
Other Departments and Agencies Recommendations		64 70%	14 16%	2 2%	11 12%	91 100%
Total Recommendations		304 63%	107 22%	5 1%	65 14%	481 100%

Treasury Board Office Additional Comments

While the Province acknowledges that there is always opportunity for improvement in processes and the accuracy and timeliness of reporting of information, it maintains that it demonstrates a significant level of accountability to both the Executive Council and the general public in its reporting of status of Auditor General Recommendations. The Report of the Auditor General to the Nova Scotia House of Assembly (May 2011) stated *"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"* (Chapter 2, Page 11). The background information obtained to arrive at the opinion was extracted from the TAGR system.

The information reported in TAGR by Departments is at a point in time and represents the information available at that time. The Provincial Update included the following qualifying statement *"the status updates in this report have not been reviewed and could result in some future discrepancies when reviewed by the Auditor General."* The Provincial Update reported the responses as they were reported in the TAGR System, prior to a review by the Auditor General. Changes in the recommendations between the Provincial Update and the AG's Update resulted from discussions with the departments and the Office of the Auditor General. Some of the reported responses changed from Work In Progress to complete, in part due to timing and in part due to AG's office being satisfied that the recommendation has been implemented. Some other responses changed from Complete to Work in Progress due to multiple reasons, including that some components of the recommendation were not fully implemented.

The TAGR Steering Committee has established processes for the tracking and reporting of responses to Auditor General Recommendations. Steps in this process include: record all recommendations released by the Auditor General in the TAGR system; assign each recommendation to the appropriate departments; and assist departments with specific recommendations as requested. The TAGR Steering Committee coordinates the process and ensures timelines are met, as set out by the Audit Committee, and the Auditor General. The TAGR Steering Committee controls and monitors access to the TAGR system; and provide statistics and reporting, as required.

The TAGR Steering Committee provides oversight of initial responses to Auditor General Recommendations (from 2007 onward). The Departments are responsible to ensure all responses are reviewed for completeness and accuracy, and approved by Senior Management prior to their release to the Auditor General. Departments are also responsible for the quality of status updates and follow up reporting in the TAGR system. The TAGR Steering Committee will continue to work with Departments to ensure both responses to recommendations and status updates are complete, accurate, and timely.