
1 Message from the Acting Auditor General

Introduction

- 1.1 I am pleased to present my May 2014 Report to the House of Assembly on work completed by my Office in early 2014.
- 1.2 Since fall 2013, we have submitted the following reports.
 - Our Report to the House of Assembly on work completed in the summer and fall of 2013, dated October 31, 2013, was tabled on November 20, 2013.
 - Our January 2014 Report to the House of Assembly on financial reporting issues, dated January 2, 2014, was tabled on January 23, 2014.
 - Our Report on the Estimates of Revenue for the fiscal year ended March 31, 2015, dated April 1, 2014, was included in the budget address delivered by the Minister of Finance on April 3, 2014.
- 1.3 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 agencies during the course of our work.

Chapter Highlights

- 1.4 This report presents the results of audits completed in 2014 at a number of departments and agencies

Chapter 2 – Follow-up of 2010 and 2011 Performance Audit Recommendations

- 1.5 For more than five years, progress made to address identified weaknesses has been inadequate. Only 45% of our 2011 recommendations have been implemented. Overall, only 50% of recommendations from our 2010 and 2011 reports have been implemented. Government departments and agencies are not taking enough action to correct operational deficiencies they know to exist.



- 1.6 The low implementation rate of 45% for 2011 is, in large part, due to very low rates at four entities: the Chief Information Office (20%) and the Departments of Service Nova Scotia and Municipal Relations (33%), Labour and Advanced Education (40%), and Economic and Rural Development and Tourism (43%).
- 1.7 The Public Accounts Committee has accepted our proposals that the Committee formally accept and endorse the recommendations in our audit reports if Government agrees with them and request that the Government Audit Committee take responsibility for the ongoing monitoring and oversight of implementation.
- 1.8 We are encouraged by the Committee's actions and believe that these changes will result in more effective government monitoring and oversight leading to more timely correction of the operational deficiencies identified in our reports.

Chapter 3 – Communications Nova Scotia: Advertising, Procurement, and Performance

- 1.9 We found advertising campaigns and other communications from Communications Nova Scotia were generally nonpartisan in nature. However, the Agency persistently failed to follow the Province's procurement rules. Eighty-four percent of the procurements we tested had problems. This demonstrates a lack of regard for the Province's procurement policies.
- 1.10 We identified potential noncompliance with Canada Revenue Agency rules related to independent contractors who have certain characteristics of employees. We recommended that Communications Nova Scotia seek advice on this matter and obtain legal advice on how to address this situation if concerns are identified.
- 1.11 Finally, Communications Nova Scotia's performance measurement, both at the Agency and advertising campaign levels, needs work.

Chapter 4 – Education and Early Childhood Development: iNSchool Student Information System

- 1.12 The iNSchool student information system does not fully protect the confidentiality, integrity and availability of information on students in the public school system.
- 1.13 We identified security weaknesses with the iNSchool system and exploited those weaknesses to gain unauthorized access to confidential student information in three school boards. Before we wrote this report, the iNSchool project team fixed the security issues that enabled us to gain access to the student accounts.



- 1.14 The Department of Education and Early Childhood Development has implemented controls to protect the network and physical equipment that host iNSchool.
- 1.15 We found the development of iNSchool system was aided by an appropriate governance structure and reasonable project management practices were used throughout the project lifecycle.

Chapter 5 – Environment: Public Drinking Water Supply Program

- 1.16 The Department of Environment is not adequately monitoring public drinking water supplies to ensure public safety risks are appropriately addressed. We identified instances in which the Department did not complete its required audit procedures or water samples were not obtained from water supply facilities within 30 days after a boil water advisory was removed.
- 1.17 Lack of adequate guidance for staff has resulted in inconsistencies in how audits are conducted, timing of audits of newly registered facilities, audit reports not issued in a timely manner, and inadequate follow up of deficiencies.
- 1.18 We also found management does not use the Department’s information system to its fullest potential.

Chapter 6 – Health and Wellness: Physician Alternate Funding Arrangements

- 1.19 The Department of Health and Wellness’ monitoring of alternative payment and academic funding plans for remunerating physicians is poor.
- 1.20 Alternative payment plans have limited reporting requirements, making it difficult for the Department to determine if an appropriate level of service is provided. Academic funding plan contract deliverables are not reviewed. If the Department becomes aware that requirements are not met, it does not take steps to achieve compliance.
- 1.21 We found the three academic funding plan departments we visited at Capital Health and the IWK Health Centre met their academic funding plan requirements for the deliverables we tested.
- 1.22 Health and Wellness is working towards the development of new academic funding and alternate payment models. Although progress has been made, considerable work is still needed.



Chapter 7 – Natural Resources: Mineral Resource Management

- 1.23 The Department of Natural Resources is not adequately managing mineral resources in the Province. A number of our recommendations address the need to implement basic processes which should have already been in place.
- 1.24 The Department's monitoring of mining activity is not adequate. Operator annual reports are not received and reviewed, and site visits are not conducted by the Department as often as intended. The Department is not doing enough to ensure the security it holds is adequate to cover potential costs for reclaiming mining sites.
- 1.25 Additionally, the Department does not have adequate processes to ensure gypsum income tax and mineral royalty payments are complete and accurate. We also found administration of the mineral incentive program needs to be strengthened.