



Auditor General of Nova Scotia Mid-Term Update





Kim Adair, Auditor General of Nova Scotia
pictured with her team
at Province House in Halifax

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A message from the Auditor General

The core values of the Office of the Auditor General of Nova Scotia are **Independence, Integrity and Impact**. Those values are tied to this Office, no matter who sits in this chair, and it's been that way for more than 100 years. It's been an honour and a pleasure to carry on the tradition, working to serve Nova Scotians during the first five years of my 10-year mandate.

Independence is crucial for legislative audit offices across this country to do their jobs. It means being free from outside control and influence. An Auditor General is foundational to democracy because the Office provides independent, objective, and non-partisan oversight of public funds and delivery of services. As a result, every *Auditor General Act* has this fundamental cornerstone in their legislation.

It's normal that Auditors General and governments, from time to time, may have a difference of opinion; on occasion we agree to disagree. It's in those instances you most need an independent Auditor General.

Last year, legislative amendments were proposed to the *Auditor General Act* which challenged the very basis upon which the independence of the Auditor General exists.

While these proposed amendments were eventually withdrawn, such a challenge should never re-occur. As an independent officer that works on behalf of the Legislature – and by extension all taxpayers and every Nova Scotian – this is the office that has a key role in holding Government to account.



Accountability in the healthcare system has been a large focus over the last five years. Starting in 2022, the Office received additional funding to augment our Performance Audit Team to conduct health-related audits.

Annual healthcare spending is reaching \$7.7 billion (almost half of the Province's annual spend), and the Health Audit Team conducts work that provides timely and effective recommendations on Nova Scotia's changing and expanding health system. A key Government priority is to transform the healthcare system so we chose and delivered reports where the public could assess its performance.

The work we've done in this new area includes:

- Ground Ambulance Services
- Value for Money: Development of Transitional Care Facilities
- Cybersecurity Readiness in Healthcare
- Planning and Acquiring Nursing Home Beds
- *Action for Health* Key Performance Indicators
- Alternative Procurement and Management of Selected Health Contracts



Another important focal point over the last few years is the push to make Nova Scotia more accountable for its over-budget spending. Nova Scotia is not in line with legislative practices in other provinces across Canada, where legislatures are required to review, vote on, and approve the extra amounts. Over the last five years, the Province has spent \$6.7 billion in over-budget spending.

To remedy Nova Scotia's outlier status, we have repeatedly recommended changes to the *Finance Act* – but so far, Government has declined to implement the recommendations. Although I noted accountability and transparency around over-budget spending improved slightly this year, I am concerned that important recommendations remain unaddressed. I hope that some day, given the attention we continue to draw to it, the issue will be resolved.



The most important outcome of our reports are the recommendations to improve government programs and service. We select audit topics that we feel are important to Nova Scotians and will result in improvements. In most cases, Government has responded quickly to implement the recommendations made in my reports.

In my five years with the Office, we have issued:

- 231 recommendations
- 36 reports

Government policy is to complete all Auditor General recommendations within a two-year timeframe. Government has steadily improved its implementation rate since I started, with close to 100 recommendations already achieved. Using the two-year timeframe as a starting point, we'll begin looking into the success rate of the remaining recommendations in the fall.



In the meantime, there are more than half a dozen audits underway which will take our work through to the end of this year. We're already planning three years out with projects that will jumpstart the second half of my 10-year term.

Together with an exceptional group of dedicated and professional staff who are the cornerstone of everything accomplished over the past five years, I look forward to continuing the important work of this Office on behalf of all Nova Scotians.

Sincerely,

A handwritten signature in black ink that reads "Kim Adair".

Kim Adair, FCPA, FCA, ICD.D

Auditor General of Nova Scotia



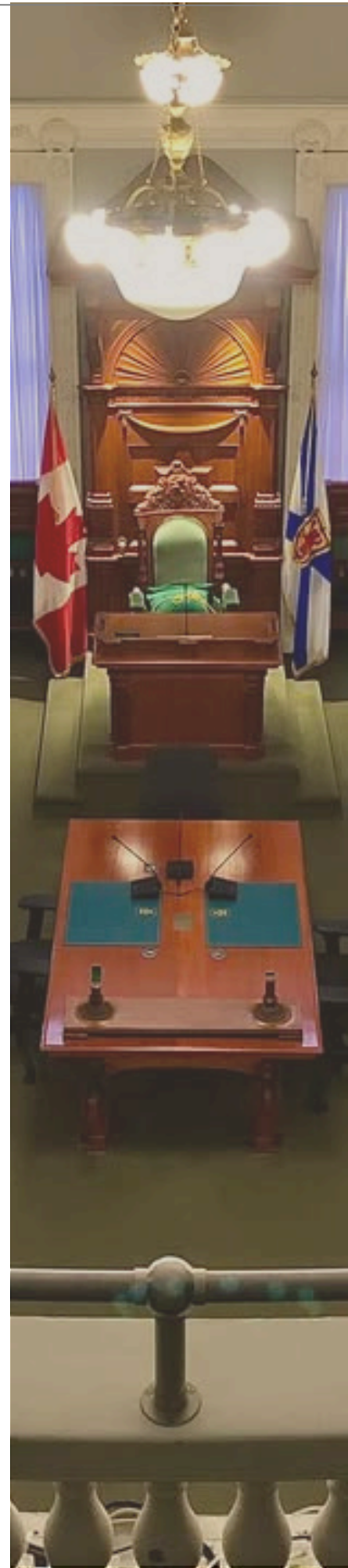
Who we are and what we do

The Office of the Auditor General is an independent, non-partisan office that serves the 55 members of Nova Scotia's Legislative Assembly, and in turn, more than one million Nova Scotians.

The office has a full staff complement of 43, with most holding or pursuing their Chartered Professional Accountant (CPA) designation. Some have obtained additional certifications such as the Certified Internal Auditor (CIA), Certified Information Systems Auditor (CISA), Certified Fraud Examiner (CFE), Master in Business Administration (MBA) and Master in Public Administration (MPA).

The Office is led by an executive leadership team that includes the Auditor General, Deputy Auditor General, and Assistant Auditors General. The Office also has staff who provide services and expertise in such areas as administration; communications; human resources; budget, finance and operations; and information technology.

The Office maintains a multi-period audit plan, usually covering 24-36 months of audit reports. Audits currently underway are listed on our website [here](#). Potential audit topics may arise in a number of ways. Along with topic areas generated internally by Office staff, we receive audit requests from Ministers, Members of the Legislative Assembly, the Public Accounts Committee, government senior management, and concerned Nova Scotians. Over the last five years, we have received more than 500 audit requests.



The last five years at a glance

We issued a total of

36
reports



There were **23**
performance (value-
for-money) audits



We made **231**
recommendations
in these reports

We completed **5**
Financial Reports



We completed **6**
Follow-up Reports



Summaries of the reports issued

Between May 3, 2021 and May 3, 2026, our Office has issued:

- **23** Performance Audit reports
- **6** Follow-up reports to determine the Government's progress on implementing agreed-upon recommendations stemming from past performance audit reports
- **5** Financial Audit reports
- **1** Report on the misuse of funds at the Liberal Association of Nova Scotia
- **1** Joint follow-up report with Atlantic Canadian Auditors General on the Atlantic Lottery Corporation

**36 Independent
Audit Reports
issued since
May 2021**

For a total of **36** independent auditor's reports

In this section, you will find summaries of the reports issued. If you would like more information, you can access the full audit reports and materials on our website [here](#).



Nova Scotia Liquor Corporation Phase II (2021)

The audit examined product management and governance at the Nova Scotia Liquor Corporation (NSLC) and built on the work of a 2020 audit which examined promotion of responsible drinking, support for local industry, capital planning and procurement, and agency store contract management.

This audit found significant weaknesses in how NSLC selects, prices, and promotes its products. Key decisions were often not supported by documented policies, clear rationale, or consistent approval processes, increasing the risk that decisions were unsupported and not aligned with NSLC's strategy and objectives. Oversight by NSLC of pricing at local manufacturer retail stores was also limited.

In contrast, physical inventory management at both the NSLC warehouse and retail stores was found to be well controlled and operating effectively.

Governance structures, including the Board of Directors and its committees, were generally functioning as intended. Minor improvements were identified, particularly with respect to the frequency of board evaluations and updates to the board competency matrix. In addition, clearer communication from government to NSLC was needed regarding priorities and objectives as they related to NSLC.

The audit made **11** recommendations, including developing documented policies and procedures for product selection, and a management review process to assess if product listing decisions are appropriate and adequately supported.



All recommendations have now been implemented.



Planning and Implementation of the Pre-Primary Program (2021)

Educating Nova Scotia's youth is a key responsibility of the Department of Education and Early Childhood Development and it is their duty to ensure a safe and high-quality education system for students of all ages.

This audit found that the initial implementation of the Pre-Primary Program was not adequately planned before being introduced in 2017, with the Department only given five months to design and execute the program.

This time constraint led to several issues with the rollout of the program including:

- Consultation with families and the childcare industry only taking place after the first year of implementation began
- Inconsistent orientation of staff resulting in unclear roles and responsibilities
- Background checks and qualifications for potential employees not always confirmed before staff began working with children



All recommendations have now been implemented.

The report made nine recommendations to improve the Pre-Primary Program, including establishing specific and measurable goals for the program and introducing regular evaluations to determine if they are being met.



Value for Money of Early COVID-19 Relief Programs for Individuals and Small Businesses (2021)

This audit examined whether early COVID-19 relief programs for individuals and small businesses delivered value for money during the first wave of the global pandemic (March–September 2020).

The Auditor General found the Province’s quick response to the pandemic was commendable, particularly the delivery of financial support within the first week that childcare centres were ordered to close in 2020.

However, the audit identified significant oversight and accountability concerns. The Province committed \$100 million to Dalhousie University before programs were fully designed or costed, relinquishing control over how funds were spent and limiting the ability to recover unspent money.

While programs administered by Dalhousie were generally well managed, \$30 million in emergency childcare grants delivered by the Department of Education and Early Childhood Development showed numerous control weaknesses, including unclear eligibility rules, calculation errors, and missing documentation.

The audit made two recommendations, including developing guidance for emergency relief programs with direction on the return of unspent funds when using external parties.



All recommendations have now been implemented.



Internet for Nova Scotia (2021)

The audit found the COVID-19 pandemic heightened demand for high speed and reliable internet for Nova Scotians as work, school and health care moved online in 2020. In a move to address this challenge, the Government of Nova Scotia committed \$193 million via the Nova Scotia Internet Funding Trust to help fund the infrastructure required to improve access.

This audit found Develop Nova Scotia was succeeding on many aspects of this project, however, improvements were needed to the monitoring of progress. The audit also raised several value-for-money concerns around the use of an external trust.

Some of the concerns included how the province prematurely relinquished control of \$193 million, resulting in the loss of use of public funds almost two years before the initiative's first projects were announced. This meant the province prematurely determined the initiative's cost to taxpayers before it was tendered.

The report made four recommendations, including that the Department of Finance and Treasury Board, in consultation with the Executive Council Office, develop guidance relating to the use of trusts.



All recommendations have now been implemented.



Oversight and Management of Individuals Serving Community-Based Sentences (2022)

The audit examined whether the Department of Justice is monitoring individuals serving community-based sentences, which allow an individual to serve all or part of a sentence in the community under the supervision of a probation officer.

The audit found probation officers were not meeting with individuals serving community-based sentences at the required frequency and were not always imposing consequences when individuals violated the conditions of their court order.

The Department also failed to identify that the electronic supervision service provider was not fulfilling its responsibilities under their contract with the Department, potentially placing the public at risk.

Additionally, probation officers had not completed all training required by the Department of Justice and significant improvements were needed in how the Department assessed whether probation officers were monitoring individuals serving community-based sentences in compliance with Department policies.

The audit made **10** recommendations, including the development and implementation of a process to determine if the electronic supervision service provider is fulfilling the terms of its contract.



All recommendations have now been implemented.



Oversight and Management of Government Owned Public Housing (2022)

Government-owned public housing is intended to provide safe and affordable rental housing to eligible low-income Nova Scotians. This audit examined whether regional housing authorities were effectively managing public housing applications, tenant placements, and lease agreements.

The audit found significant governance and oversight weaknesses. Frequent changes in senior leadership, outdated accountability arrangements, and limited performance monitoring hindered effective management of the public housing portfolio.

Application and placement processes were inconsistently applied across the province, with known process deficiencies not addressed. Average wait times for applicants exceeded two years, and vacant units often remained unfilled well beyond the 60-day turnaround target.

The audit also identified poor management of existing units. Management estimated more than 1,500 units were underutilized due to tenants occupying units larger than required. In addition, regional housing authorities lacked consistent processes to document, track, and resolve tenant complaints, limiting accountability and responsiveness to tenant concerns.

The audit made **20** recommendations, including assessing the eligibility criteria and screening processes used to grant access to public housing, and updating policy to adequately address eligibility in a fair and consistent manner.



At our last check in October 2025, 11/20 recommendations were implemented. We will circle back again in Fall 2026.



Healthy Eating in Schools (2022)

Access to healthy food plays an important role in students' learning and academic success, and their health and well-being. For some students, school is a primary source of exposure to healthy food choices, making access to nutritious food particularly important.

This audit assessed whether the Department of Education and Early Childhood Development and Nova Scotia Health ensured healthy food was served in public schools.

The audit found that the provincial breakfast program was largely successful and widely available. However, most schools were not complying with Nova Scotia's School Food and Nutrition Policy for meals served at lunch. Cafeterias operated by third-party food service providers showed particularly low levels of compliance.

The audit also found the School Food and Nutrition Policy was outdated, as it had not been updated in 16 years and was based on an older Canada Food Guide. In addition, while the Department relied on Regional Centres for Education to monitor compliance with the School Food and Nutrition Policy, the audit found this oversight was not being carried out effectively.

The audit made **10** recommendations, including updating and regularly evaluating the provincial school nutrition policy.



All recommendations have now been implemented.



Immigration and Population Growth (2022)

The audit examined whether the Department of Labour, Skills and Immigration is attracting and retaining immigrants that meet the labour needs of the province while maintaining the integrity of the immigration system.

The audit found the Department does not have a process to determine provincial labour market needs and whether these are being addressed by the Nova Scotia Nominee Program. While applicants approved under provincial immigration programs were meeting eligibility criteria there was inconsistency in the assessment of applications. Despite the establishment of an Investigations and Compliance Division in 2021, more work is needed to prevent and detect fraud in the provincial immigration system.

Additionally, the Department had not assessed the services needed to help immigrants settle in Nova Scotia and did not know if \$6.4 million in annual funding was achieving its objective of retaining immigrants in the province.

The audit made 15 recommendations to improve provincial immigration programs, including completing a comprehensive analysis to determine the settlement services required in Nova Scotia.



All recommendations have now been implemented.



Metropolitan Regional Housing Authority: Examination of Service Contract Awards (2023)

Conflicts of interest raise concerns about transparency and public confidence in the administration and management of public funds. This audit examined conflict of interest issues at the Metropolitan Regional Housing Authority following information received during our audit on **Oversight and Management of Government Owned Public Housing.**

We found the Authority's conflict of interest processes required improvement. The Director, the Authority's most senior employee, was in conflict both before and after the awarding of security services contracts and failed to disclose these conflicts as required by internal and provincial policies.

The Director was involved in tendering security services contracts worth over \$1 million, most of which were awarded to a contractor with personal ties to the Director. During and after the tendering process, the Director sold personal property to the contractor.

While the Authority generally followed procurement policies, we also had concerns with compliance and transparency. Bidders were not required to declare conflicts of interest, and scoring guidance lacked sufficient clarity to support the awarding of contracts.

The audit made four recommendations, including that the Housing Authority add conflict-of-interest language and disclosure requirements in all public tenders.



All recommendations have now been implemented.



Green Fund: Effectiveness Over First Two Years (2023)

The Nova Scotia Green Fund was established in 2019 under the *Environment Act* to receive and distribute proceeds from the province's cap-and-trade program. The Department of Environment and Climate Change was responsible for overseeing the Fund and monitoring program performance.

We found the Department did not effectively monitor the \$73.7 million in Green Fund programming. While contracts included reporting requirements and performance targets, the Department did not consistently review quarterly and annual reports to assess whether funded projects were achieving intended results. Errors in performance targets were also not identified or corrected.

The audit found the absence of a clear, overarching climate change plan for clean growth to guide Green Fund spending and ensure alignment with provincial climate objectives. This limited the Department's ability to demonstrate how funded initiatives contributed to emissions reductions.

In addition, the audit could not determine the rationale for transferring funds outside of government, with \$59.8 million held in partner-controlled bank accounts. This reduced transparency and accountability over public funds.

The audit made six recommendations, including that the Department of Environment and Climate Change disburse Green Fund money based on partners' annual funding requirements.



All recommendations have now been implemented.



Provincial Fire Safety Management (2023)

Fire safety and prevention are critical to protecting the health and safety of Nova Scotians, particularly vulnerable populations living in provincially owned and licensed facilities.

This audit assessed whether the Office of the Fire Marshal, within the Department of Municipal Affairs and Housing, effectively managed provincial fire safety responsibilities.

The audit found the Office of the Fire Marshal was not adequately protecting the public from fire safety risks. Many fire inspections tested in our audit, including those related to vulnerable populations, were completed past legislated due dates.

The Office of the Fire Marshal lacked key management practices, including performance standards, quality assurance processes, and effective oversight of inspection activities.

The audit also found the Office of the Fire Marshal was not meeting legislated requirements to ensure municipal fire inspections were completed and monitored. Weaknesses were also identified in building plan review and fire investigation processes, and a conflict of interest had not been disclosed in accordance with provincial requirements.



At our last check in October 2025, 4/7 recommendations were implemented. We will circle back again in Fall 2026.

The audit included seven recommendations, including properly fulfilling statutory obligations to protect the public.



Investigation of Island Employment Association (2023)

This audit was conducted in response to a January 2022 Public Accounts Committee request to audit the operations of Island Employment Association (IEA). IEA was a registered charity delivering employment programming for the Department of Labour, Skills and Immigration under the Nova Scotia Works program.

This audit found at least \$1 million in public funds was grossly mismanaged by IEA, including payments to certain members of management for:

- \$162,000 in unapproved extra salary payments and bonuses
- \$150,000 in accumulation and payment of unused and unapproved vacation and overtime hours, contrary to employment contracts and policies.

The IEA Board of Directors failed in its governance responsibilities, lacking oversight and monitoring of the activities of the Executive Director, and not having committees for audit, finance, or governance.

Additionally, the Department of Labour, Skills and Immigration did not fulfill its responsibilities to protect the public interest and provide effective oversight of IEA.



The recommendation has now been implemented.

The report contained one recommendation to comprehensively assess how the Nova Scotia Works program is delivered.



Ground Ambulance Services (2023)

Emergency health services, including the deployment and reliability of ambulance services in the province, play a critical role in ensuring Nova Scotians remain safe and healthy. It is the responsibility of the Department of Health and Wellness to provide these services.

This audit found that the ground ambulance services in the province were in a critical state due to a variety of reasons including:

- Lengthy patient offload delays at hospitals
- An increase in 911 calls requiring ambulances
- Paramedic staffing shortages
- Increase in closures of emergency departments resulting in longer travel distances for ambulances

This audit identified several factors contributing to these issues, including unsustainable working conditions for paramedics and the Department not holding Emergency Medical Care Inc. (EMCI) accountable for poor response times.

Furthermore, our audit found improvements could be made in public reporting on ground ambulance data to improve transparency and provide better context on reasons for delays.

The audit included 14 recommendations including defining what conditions will be required to reinstate holding Emergency Medical Care Inc. accountable for response times.



At our last check in October 2025, 7/14 recommendations were implemented. We will circle back again in Fall 2026.



Value for Money: Development of Transitional Care Facilities (2024)

Transitional care facilities help relieve pressure on hospitals by caring for patients who no longer require acute services, such as those awaiting long-term care placement or supports to return home. This audit examined whether adequate due diligence was exercised in selecting the Hogan Court property for conversion to a transitional care facility.

The audit found that the \$34.5 million purchase of the Hogan Court property did not demonstrate adequate due diligence. Significant shortcomings included an inadequate market assessment of alternative locations; a purchasing agreement that limited the Province's ability to minimize costs; reliance on a valuation not based on the condition of the building at the time of acquisition; and the absence of an assessment of the property's suitability for conversion.

In addition, the \$15 million renovation budget was approved without detailed cost estimates or building plans.

Following acquisition, the project experienced design challenges, \$17.4 million in cost increases, delays, and a reduction in planned bed capacity.

The audit also found that approximately \$81 million in untendered procurements did not comply with provincial procurement requirements, reducing transparency, fairness, and accountability.



The first follow-up on these recommendations will be done Fall 2026.

The audit made six recommendations, including establishing policy for approving the acquisition of land and existing buildings and signing contracts with private sector partners prior to work commencing.



Report on Misuse of Public Funds at the Liberal Association of Nova Scotia (2024)

The report outlined the Auditor General's work on the unauthorized disbursements in the 2021 Financial Statements of the Liberal Association of Nova Scotia after a notification by Elections Nova Scotia.

A former employee made unauthorized disbursements totaling at least \$131,795 over several years, which were repaid along with related legal and forensic-related costs for a total of \$194,557. The Association did not pursue criminal charges, chose not to complete a forensic audit, and entered into a confidential settlement with the employee.

The report found the Association failed to fully disclose the misuse to its auditor during the 2020 audit, delayed public reporting until after the 2021 election, and did not initially comply with the Auditor General's requests for information. The Association's delay in providing information to our Office was not in compliance with the *Auditor General Act* and ultimately delayed our reporting to the House of Assembly.

The report included two recommendations, including that the Liberal Association of Nova Scotia file a formal complaint and fully cooperate with the RCMP relating to the misuse of public funds.

The report included two recommendations, including that the Liberal Association of Nova Scotia file a formal complaint and fully cooperate with the RCMP relating to the misuse of public funds.



Value for Money of Over-Budget Spending (2024)

Over-budget spending in Nova Scotia is approved by Cabinet alone through additional appropriations, unlike annual budgets that require legislative debate and approval. While this follows the *Finance Act*, the process differs from other provinces, where legislatures must review and approve the over-budget spending. Although governments may need to respond to unforeseen needs, spending public funds without legislative debate raises concerns and highlights the importance of sound financial management.

Given the recent growth in over-budget spending, the Auditor General has repeatedly recommended stronger accountability and transparency.

This audit examined government grants made between 2021 and 2023 totaling \$433 million, representing 17 per cent of the \$2.6 billion in over-budget spending during that period. We found funds were spent prematurely in all cases, often justified by fiscal capacity rather than project readiness. As a result, significant amounts remained unspent, and recipients earned interest on unused funds.

We also identified weaknesses in proposal review and approval processes, including missing information, expedited approvals, and funding agreements that lacked protections for public funds.

The audit included **five** recommendations, including developing guidance for departments on the preparation of grant and subsidy agreements to protect public funds. The Department and the Minister of Finance and Treasury Board so far disagree with the other **four** recommendations.



The first follow-up on these recommendations will be done Fall 2026.



Health, Safety and Well-Being of Children Placed in Temporary Emergency Arrangements and Child and Youth Care Homes (2024)

The audit examined if the Department of Community Services was adequately overseeing the health, safety and well-being of children in child and youth care homes and temporary emergency arrangements.

The audit found weak Department oversight of children placed in these homes, increasing the risk that vulnerable children are not properly cared for. Social workers did not have enough contact with children under their care and plans outlining the needs of children were often not completed or completed late.

Additionally, over a two-year period, approximately 1,900 incidents potentially impacting the health and safety of children living in child and youth care homes were reported to the Department, but no analysis was completed to identify causes, trends, or patterns. Without this analysis, risks to the children may go unaddressed.

The audit made 20 recommendations including that the department monitor the frequency of social worker visits with children and take corrective action if required.



The first comprehensive follow-up on these recommendations will be done Fall 2026.



Preventing and Addressing Violence in Nova Scotia Public Schools (2024)

The Department of Education and Early Childhood Development is responsible to ensure a safe and equitable learning environment for Nova Scotia's youth. From 2017-2024, instances of school violence against both educators and students increased by 60 per cent.

This audit assessed whether the Department of Education and Early Childhood Development had taken the necessary steps to address the increase of violence in schools and prevent this from occurring in the future.

We found there was an inadequate focus on preventing and addressing violence in schools and that the Department was not providing educators with adequate support or training to manage violence in their workplace. We found educators were not reaching out about instances of violence due to the perception that the school administration would not take corrective action.

Additionally, the audit found that the Provincial Code of Conduct had significant weaknesses and there were significant gaps in the data on incidents being collected, making it difficult to assess the full extent of violence occurring in schools.

The audit made **five** recommendations, including updating the Provincial School Code of Conduct policy, and developing an integrated provincewide strategy in consultation with educators to address incidents of violence in schools.



The first follow-up on these recommendations will be done Fall 2026.



Cybersecurity Readiness in Healthcare (2024)

Cybersecurity incidents have caused significant disruption across Canada's healthcare system, affecting both operations and patient care. As digital systems become integral to service delivery, the Department of Health and Wellness (DHW), Cyber Security and Digital Solutions (CSDS), and Nova Scotia Health (NSH) share responsibility for safeguarding the province's digital health network.

This audit found that although there was a shared responsibility among DHW, CSDS, and NSH to provide digital security, there was minimal accountability between these entities.

A shared service agreement set out a governance framework in 2021-22. However, once governance committees were abandoned, the cybersecurity initiatives stalled, leading to issues such as key performance indicators not being developed.

There were several deficiencies identified in key digital health network controls, such as mandatory training not being required for users. Furthermore, testing showed cybersecurity risks were frequently accepted as DHW, CSDS, and NSH failed to appropriately manage cybersecurity risks.

The audit made 20 recommendations, including creating an effective IT governance framework to manage cybersecurity across the digital health network. There was disagreement with one recommendation to amend existing contracts to include the minimum cybersecurity contract provisions.



The first comprehensive follow-up on these recommendations will be done Fall 2026.



Funding to Universities (2025)

Financially healthy and sustainable universities are important to Nova Scotia's economy. Between 2019 and 2024, the Department of Advanced Education provided \$2.5 billion in public funds to Nova Scotia's 10 universities, most of it through unrestricted operating grants. Our audit examined how the Department determines funding, oversees spending, and ensures accountability for the use of public funds.

We found the Department relies on an outdated funding approach that allocates operating grants arbitrarily, with few conditions on their use. Although new bilateral agreements introduced in 2024 are intended to strengthen expectations and reporting, substantial funding was paid before these agreements were signed.

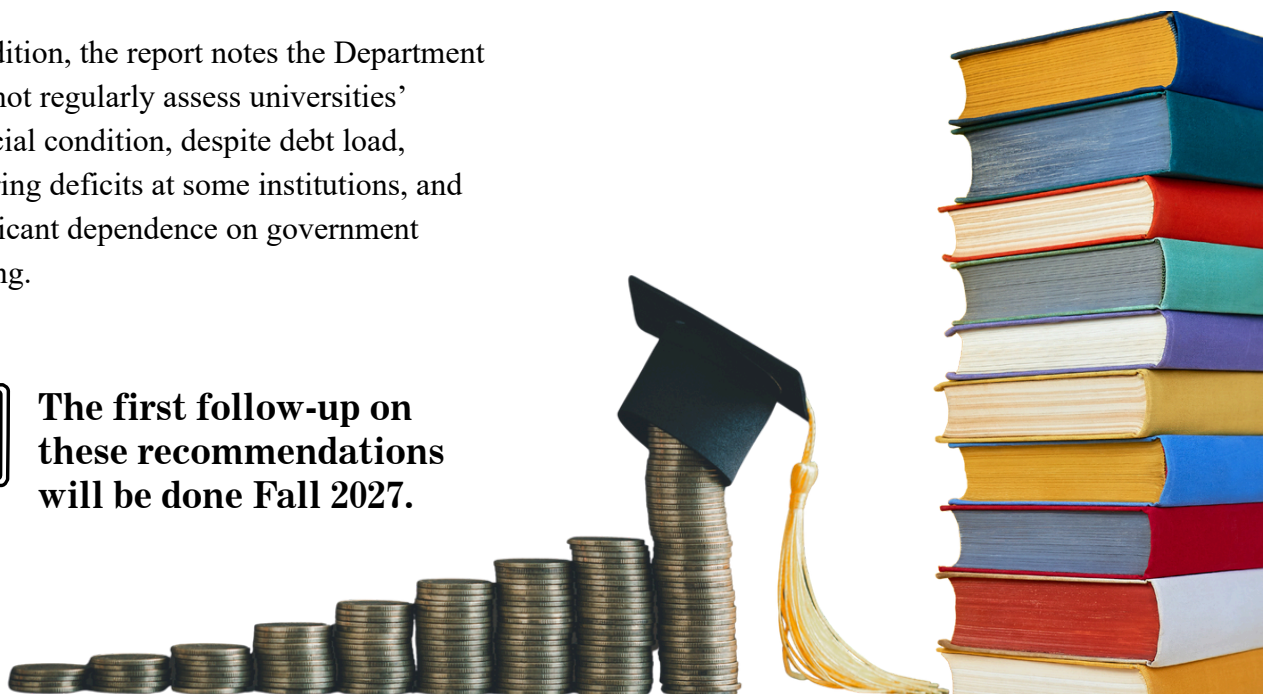
The Department has also not assessed whether \$277 million in dedicated health education funding has contributed to provincial healthcare priorities, including whether expanded nursing seats have increased workforce supply.

In addition, the report notes the Department does not regularly assess universities' financial condition, despite debt load, recurring deficits at some institutions, and significant dependence on government funding.



The first follow-up on these recommendations will be done Fall 2027.

The audit included 11 recommendations, including to identify and evaluate new operating grant funding allocation options.



School Capital Planning (2025)

Enrolment in Nova Scotia public schools is up 13%, with 15,000 more students than a decade ago, which makes proper school capital planning more important than ever.

This audit found that although the Department of Education and Early Childhood Development created a multi-year school capital planning process in 2019, significant increases in enrolment since that time have necessitated updates to this process, including steps for making decisions on new growth schools.

And while we found a lack of evidence to support which new growth schools were approved, we determined enrolment projections used for these and other school capital planning decisions appeared to be reasonable and based on appropriate information.

The audit included six recommendations, including an update to the school capital planning process requiring a business case supported by evidence for all new growth schools; and to include clear rationale for advancing one major renovation or replacement school project over another.



The first follow-up on these recommendations will be done Fall 2027.



Planning and Acquiring Nursing Home Beds (2025)

The Department of Seniors and Long-term Care is responsible for supporting the well-being of older Nova Scotians, including overseeing government-funded nursing homes and home care services. As part of this mandate, the Province committed to completing 5,700 new and replacement nursing home beds by 2032.

We found planning and oversight for this initiative were insufficient. There was no evidence to support approximately 1,000 of the planned beds, and key inputs used to determine bed need and location were outdated or could not be verified. Public reporting did not accurately reflect progress, and the Department was not effectively monitoring construction of new and replacement facilities.

While the Department conducted reasonable projections to estimate future demand and included value-for-money provisions in contracts, procurement practices were not compliant with the *Public Procurement Act*. Most replacement beds were not competitively procured.

The audit made **10** recommendations, including that all new and replacement beds selected for construction be awarded following *Public Procurement Act* requirements.



The first follow-up on these recommendations will be done Fall 2027.



Action for Health Key Performance Indicators (2026)

The report made 12 recommendations, including working to identify and correct the causes of errors and incomplete data; and expanding KPI reporting and performance targets in key areas.

The Department disagreed with three recommendations regarding KPIs on Nova Scotians seeking a primary care provider; patients who leave Emergency Departments without being seen; and reporting regional results in addition to province-wide aggregated results.

In 2022, the Nova Scotia Government launched *Action for Health*, a strategic plan to transform the healthcare system. We audited a sample (13 of 27) of the plan's Key Performance Indicators (KPIs) intended to report on the anticipated resulting health system performance. While the KPI initiative is commendable, we found issues requiring caution to use and understand them. For example, two KPIs had data errors or missing data that impacted reported results. We flagged consistency and transparency issues with six KPIs, and we found common reporting problems with all of them, such as not providing needed methodology and explanation.

The KPI reporting on Nova Scotians Seeking a Primary Care Provider was open to misinterpretation after the method of calculation was changed but not identified for readers. In addition to KPI-specific recommendations, we recommended comprehensive and cohesive health system reporting be established for Nova Scotia.



The first follow-up on these recommendations will be done Fall 2028.



Alternative Procurement and Management of Selected Health Contracts (2026)

The audit examined whether Nova Scotia Health was effectively procuring and managing selected health contracts.

The audit found weak rationale to justify the use of alternative procurement; contracts awarded to vendors before alternative procurement was approved; and the scope and value of work initially awarded through alternative procurement subsequently expanded through additional alternative procurements and contract amendments.

We also found improvements are needed to manage the conflict-of-interest risk that comes with alternative procurement.

Additionally, we found instances where contracts were not signed with vendors hired through alternative procurement; were signed after the work had started; or were missing important terms or conditions. Despite these contract weaknesses, Nova Scotia Health was regularly monitoring vendors, with some improvements needed.

The audit made **13** recommendations, including that Nova Scotia Health provide clear justification to support the use of alternative procurement as described in the Alternative Procurement Circumstance Guide and include steps taken to obtain the best value possible.



The first follow-up on these recommendations will be done Fall 2028.



Financial Audit Reports 2021 to 2025

The *Auditor General Act* defines the Auditor General’s mandate, responsibilities, and authorities, including the requirement to audit all components of the provincial public sector and to issue an annual audit opinion on the Province’s Consolidated Financial Statements. Each year, the Office reports the results of this audit, which is the largest public sector audit in the province, along with findings from audits of government organizations, and highlights key financial matters affecting the Province.

Over the past five years, several themes consistently emerged:

1 Key Audit Matters

In addition to major tax revenues and pension obligations, we report the growth of the contaminated sites clean-up costs, specifically those related to Boat Harbour and abandoned mine sites.

Additionally, in 2023 we included a discussion of Asset Retirement Obligations, the financially significant accounting standard set by the Public Sector Accounting Board that became effective that year. This standard requires public sector entities to recognize and account for legal obligations related to the retirement of tangible capital assets.

2 Clean Audit Opinions

The Province has received an unmodified (“clean”) audit opinion on its Consolidated Financial Statements for 25 consecutive years, indicating no significant concerns regarding the reliability of reported financial information.



3 Significant Control Weaknesses

Multiple departments and organizations reported recurring control deficiencies, particularly in procurement practices and segregation of duties. The number of weaknesses peaked at 19 in 2021, declining to nine in 2025.

4 Recommendations on Additional Appropriations

Beginning in 2022, the Auditor General recommended the Province reassess the accountability and transparency of its additional appropriations process. Variations of this recommendation were repeated over the following three years as additional appropriations continued to grow. Additional appropriations between 2021 and 2025 totaled \$6.7 billion. Two additional recommendations were introduced to improve public disclosure and clarify requirements under the *Finance Act*.

5 Health-Sector Spending

Also starting in 2022, the Office reported more detailed health-related analysis. Health operating expenditures increased from \$5.2 billion in 2020–21 to \$7.7 billion in 2024–25, largely due to higher payroll and bargaining costs. Capital spending also rose, driven by hospital redevelopment and long-term care facilities.

6 Financial Indicators

Each year, the reports assessed the Province’s financial performance using indicators of sustainability, flexibility, and vulnerability, providing a five-year view of fiscal trends.



Other important issues in our Financial Audit Reports

We also provided information on accounting topics that arose during each fiscal period.

These included:

2021

- COVID-19 personal protection and vaccine inventory
- Impacts of COVID-19 on the Province's finances, economy, and spending
- Public disclosure of compensation and vendor payments

2022

- Significant year-end spending
- Public-Private Partnership (P3) projects and impact to net debt
- Funding to universities
- Funded status of significant public sector pension plans

2023

- Polar vortex industry recovery funding to assist fruit growers
- Nova Scotia's Teachers' Pension Plan

2024

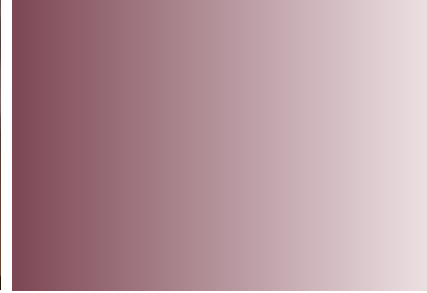
- Revenue estimates engagement
- Alternative procurement

2025

- Long-term care service providers
- Purchase of fuel adjustment mechanism to manage rising costs of electricity for ratepayers
- Tobacco settlement
- Impact of changes to Halifax-Dartmouth Bridge Commission

As we continue to publish annual reports that assist Nova Scotians to understand the audited financial statements, we also look to provide guidance and questions that “Nova Scotians may want to ask” to encourage discussion about the Government's finances and spending.





Upcoming audit reports

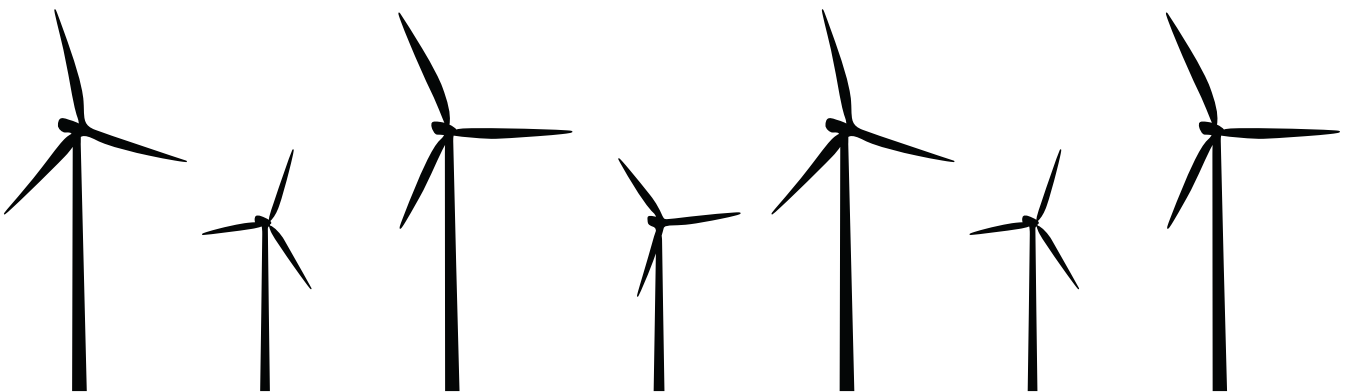
Upcoming health system audits

- Out-of-Province Medical Expenses
- Oversight of Mental Health and Addictions Services



More upcoming audits focused on ...

- Preserving and Restoring Paved Roads
- Environmental Assessments for Wind Farms
- Provincial Assessments in Education
- Invest Nova Scotia
- Purchase Cards and Fuel Cards
- Accountability Reports
- Annual Financial Audit Report



Our Auditor General

Kim Adair began her 10-year term as Auditor General of Nova Scotia on May 3, 2021.

She was appointed with the unanimous approval of the House of Assembly, which means she has support from the government and opposition parties.

Reporting to the Legislative Assembly and serving the people of Nova Scotia, she is responsible for leading and directing value-for-money and financial audits of the provincial government, its ministries, and agencies.

She is the first woman to be Auditor General of Nova Scotia, a century-old office with a heritage dating back to 1909.

Before her Nova Scotia appointment, Ms. Adair was Auditor General of New Brunswick from 2010-2021. She has extensive audit, finance, risk management and governance experience.

She has more than three decades of experience with the New Brunswick government, also serving in roles as varied as Provincial Comptroller, Assistant Secretary to Treasury Board, and Director of Finance for Extra-Mural Hospital.



Over the years, she's shared her knowledge and experience internationally, teaching Performance Audit to auditors working in African countries.

Adair is also an active volunteer member of various committees in her profession, including Chartered Professional Accountants of Canada, Public Sector Accounting Board, and Canadian Audit and Accountability Foundation.

In 2018, she was awarded with the title of Fellow of CPA New Brunswick, designated by the initials FCPA.

She is also a 2016 graduate of the Institute of Corporate Directors and University of Toronto's Rotman School of Management Directors Education Program (ICD.D).



A bit more about our office

The Auditor General's role is to audit the finances and activities of the Government of Nova Scotia, but the scope of our work stretches beyond the dollars and cents of the public purse, and its impact reaches across provincial borders.

Over the last five years, the office produced audits with impactful recommendations designed to improve services and programs for all Nova Scotians, including:

- mitigating risk to Nova Scotia's digital health network; and
- spurring a government policy update to the provincial School Code of Conduct.

The challenges and outcomes stemming from our audit work over the past five years have resonated with AG offices across the country.

Many of our staff serve as executive, committee members and presenters on national committees and at conferences connected to the Canadian Council of Legislative Auditors, which includes the 10 provincial Auditors General and the federal Auditor General.

In 2025, as a result of government-proposed (and subsequently withdrawn) amendments to the *Auditor General Act*, the Auditor General was interviewed by regional and national media including CBC's *As It Happens*, one of Canada's longest-running and most-heard radio programs. The outreach and the associated media coverage helped raise awareness of our office and the work that we do on behalf of all Nova Scotians.

Our staff are constantly striving to learn and improve. Several auditors have achieved new designations over the last five years including Certified Fraud Examiner, Certified Information Systems Auditor, and Certified Internal Auditor. This newfound knowledge helps us provide a varied training program for our new recruits as they navigate the auditing process.

We are a recognized CPA training office providing an employee training program designed to help new auditors prepare for the Chartered Professional Accountant designation. In any year, we have several students enrolled in the program and welcome co-op students to the office in the summer and fall months.

Our office continues to promote acceptance and respect for individual and community differences and encourage an inclusive work environment. We regularly have workshops from organizations like the Nova Scotia Chapter of the Canadian Mental Health Association and Autism Nova Scotia during our staff days.

On the volunteer front, our entire office works together every year to fundraise for the United Way campaign. In the last five years, we have raised more than \$38,000.

We also have staff who regularly take part in team building events that often raise money for charities, including the United Way swimathon and the Bluenose Marathon Relay. Our staff also came together for a Day of Caring at the YWCA Dartmouth. We raked, mowed lawns, and did a big playground cleanup for the community organization.

We continue to support and advise the Public Accounts Committee by briefing the committee on our audit reports, maintaining an important and lasting connection with Nova Scotia's Legislative Assembly as our office celebrates its 117th year in office.





Diversity in the Office of the Auditor General of Nova Scotia

Gender Diversity

42 **Office** staff:
About 65-35% women-men

Five **Executive Leadership Team** members:
80% men 20% women

Eight **Audit Principals** (most senior level below Executive Leadership Team):
63% women 37% men

Cultural Diversity

Our team brings together people with lived experience from a range of countries and cultures, including Barbados, China, Croatia, England, India, Lebanon, the Philippines, and South Africa, who now call Canada home.

In addition to English, our staff speak several languages including Arabic, Afrikaans, Croatian, Filipino/Tagalog, French, Hindi, Ilocano, Mandarin, Punjabi, Spanish and Tamil.



• • • Office of the Auditor General • • •

5161 George Street, Royal Centre, Suite 400

Halifax, Nova Scotia

B3J 1M7

www.oag-ns.ca

