



Office of the Auditor General

Auditor General's Statement to the Media

Release of June 2015 Report to the Nova Scotia House of Assembly

6/17/2015

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Good morning, ladies and gentlemen. Thank you for coming.

Late yesterday, I tabled my June 2015 Report with the Speaker of the House of Assembly, for distribution to the Members of the House this morning. The report provides the results of three performance audits and our annual follow-up of recommendations made in previous reports.

As always, I want to thank the staff in my Office for their continued professionalism and their dedication to the independent audit work they do. They work hard to identify issues related to important public programs, and recommend solutions, because they are committed to better government for Nova Scotia.

I also want to thank management and staff in the departments and agencies we audited. Their cooperation is essential; we had no difficulties in carrying out our work.

The report I am releasing today includes the results of our follow-up work on performance audit recommendations we made in 2011 and 2012. It also contains performance audits examining:

- aquaculture monitoring;
- responsible gaming and the prevention and treatment of problem gambling; and
- the procurement of professional services in selected government departments. I will briefly outline the key findings of each audit and then take your questions.

Aquaculture Monitoring

We examined whether environmental and other risks related to aquaculture were properly identified and managed by the Department of Fisheries and Aquaculture. We found improvements are needed to make sure risks related to this industry are properly managed. While site applications were completed and approved in accordance with Departmental requirements, detailed written guidance for staff is lacking and some applications lacked detailed support. It takes the Department several months to over three years to process applications. Similarly, renewal applications took an average of one year to process. We also found a significant backlog and delays in processing renewal applications following the relocation of the aquaculture division and associated loss of staff.

Fisheries and Aquaculture oversees environmental monitoring of aquaculture sites. However, information from monitoring activities is not recorded in a way that makes it easy to track due dates and outstanding issues. The Department also has limited ways to make operators comply with environmental monitoring requirements. Staff can issue ministerial orders or revoke licenses, but do not have less severe measures available such as issuing fines.

Similarly, the Department provides optional fish health monitoring but aquaculture site operators are not required to report disease outbreaks. An outbreak could occur without the Department being aware.

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Responsible Gambling and the Prevention and Treatment of Problem Gambling

We also looked at responsible gaming programs and prevention and treatment for those who have problems with their gambling.

Roughly 7000 Nova Scotians experienced negative consequences from gambling. However, when individuals reach out for treatment, Health and Wellness does not know whether the services provided actually reduced gambling-related harm. The province has a help line for problem gamblers, but Health and Wellness does not assess the quality of service callers receive.

The pace of improvements has been slow. While the Department has been working on updated prevention standards, this initiative has been ongoing since 2008 and changes have yet to be made. Another initiative to improve awareness of the problem gambling help line took almost four years to complete.

Few problem gamblers are accessing services. The Department needs to take action to understand why people are not seeking help and to try and increase the number of people receiving treatment.

The Nova Scotia Provincial Lotteries and Casino Corporation has a number of responsible gaming initiatives. We found this programming is consistent with an external framework for responsible gaming. In 2014-15, the Corporation had a target to reach 45% of Nova Scotians with its responsible gambling messaging, such as television ads and signage in gambling venues. However, management was not able to provide support for how this target was determined. We recommended the Corporation must determine appropriate targets for its programming and put strategies in place to reach those targets.

Finally, on this audit, we also found the province has no processes to ensure provincial laws such as those related to age limits and advertising are followed on First Nations reserves. The province needs to work with First Nations regarding responsible gaming programs on reserves.

Procurement and Management of Professional Services Contracts

Chapter four of the report looked at purchases of professional services across six government departments. Overall, we found the selected departments complied with procurement requirements, although improvements are needed to make sure proper approvals are in place. We noted instances in which the correct staff did not approve the procurement or prices increased and the increase was not approved by the appropriate people.

Many procurement processes fall under the Procurement Services division of the Department of Internal Services. We found the division does not do enough to monitor whether the procurement act and

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policy are followed. Testing to see if policies were followed was more than a year behind and when issues were identified, Procurement Services did not follow up to make sure problems were corrected.

This audit also considered contract management once services have been purchased. We found departments did a good job of contract monitoring. However some contracts were not signed until after work had started. And most contracts were missing key clauses related to resolving issues and payment penalties. Other procurements did not have contracts which risks confusion over responsibilities of government and the supplier, or key requirements.

We noted three situations which may not meet the Canada Revenue Agency requirements for an employee-employer relationship. This could result in a liability for the Government of Nova Scotia. This is the second time in a year we have identified this as a possible issue and we recommended looking at the risk of these relationships across government.

Follow-up of 2011 and 2012 Performance Audit Recommendations

I am pleased to report that six entities showed significant progress in our follow-up of our 2011 and 2012 performance audit recommendations. Those entities implemented 70% or more of the recommendations we made to address identified program weaknesses.

The overall implementation rate was only 57%, due in large part to rates below 45% at five entities. The outstanding issues in these entities mean, among other concerns, personal health information at health authorities may not be fully protected, and fire safety in municipalities may continue to be at risk.

The entities with higher implementation rates told us that senior management made the recommendations a priority, developed action plans, and tracked progress.

We encourage the entities with lower rates to look to this as an example of how they could better deal with identified weaknesses.

Those are some of the highlights of the report. Now I would be happy to take your questions.