
8 Follow-up of 2004 and 2005 Audit Recommendations

Summary

Management's progress in implementing our audit recommendations has been inadequate. We strongly encourage government to proceed with addressing and implementing the remaining recommendations.

During our audits, we provide what we believe are practical and constructive recommendations to address weaknesses reported. We perform a review engagement two years after an audit to assess progress in implementing our recommendations.

In 2004 and 2005 we made 272 recommendations to government. Nova Scotia Business Inc. was the only entity which implemented all audit recommendations. Other government departments and entities have implemented only 39% of our 2004 and 2005 recommendations; a significant number (55%) are described as work in progress, planning stage or government plans to take action. Government does not intend to implement 6% of our recommendations. Two or more years have elapsed since these recommendations were made and we believe more significant progress should have been made in implementing the recommendations.

During our audits we may discover weaknesses in systems and controls protecting government assets or in the effectiveness or efficiency of government systems and processes. Many of these systems and processes are used to provide important services to Nova Scotians. We provide recommendations to address reported weaknesses. Failure to address these weaknesses in a timely manner increases the risk of financial loss to government and the risk that key systems and processes may not be effective in delivering required services.

We believe government needs to take a more direct role and responsibility for monitoring and ensuring appropriate actions have been taken on matters reported by the Auditor General. Such a process should include monitoring by government senior management and regular status reporting to the House. We understand government, led by Treasury and Policy Board, is in the process of developing a system that may address our concerns. We believe such a system is important and should be a priority for completion in 2008.

We experienced significant delays in completing our work on the self-assessments of one Department. The Department of Finance was given time extensions to provide us with three of their self-assessments. When we received the information it was incomplete. As a result there is one recommendation for which there is no self-assessment. This recommendation is noted as "*Did Not Report*" in Exhibit 8.3.

8 Follow-up of 2004 and 2005 Audit Recommendations

Background

FOLLOW-UP OF 2004 AND 2005 AUDIT RECOMMENDATIONS

- 8.1 Our Office's strategic priorities include serving the public interest, enhancing government performance, and promoting accountability. We work toward these priorities by providing legislators with the information they need to hold government and the public service accountable. We obtain this information primarily by conducting performance audits which, over time, will cover major activities of government. The result of each performance audit is reported as a chapter in a Report of the Auditor General. Each report contains recommendations which we believe provide practical, constructive advice to address issues raised by the audit. This Chapter reports how responsive departments and agencies have been to our recommendations.
- 8.2 In 2002 the Report of the Auditor General included formal recommendations for the first time. At that time our office made a commitment to follow up on implementation in three years. During fall 2006 we followed up on the implementation status of our 2003 recommendations. In December 2006 the Auditor General notified all auditees that our next follow-up chapter would cover recommendations issued in both 2004 and 2005 Reports. We believe that two years is sufficient time for auditees to address our recommendations.
- 8.3 In May 2007 each auditee was sent a form to document their self-assessment of progress on the implementation of the Office's recommendations. We requested that each auditee complete and return the forms by June 30, 2007. The Department of Finance was given an extension to September 15, 2007 due to their workload during the year-end accounting period.
- 8.4 Our work was structured to enable us to provide moderate or review level assurance on the implementation status of each recommendation. This level of assurance is less than for an audit because of the type of work performed. An audit would have enabled us to provide high level assurance but would have required a significant increase in the resources devoted by the Office of the Auditor General to this follow-up assignment, reducing resources available to complete new audit assignments.
- 8.5 We requested that government management complete a written self-assessment of their progress in implementing each 2004 and 2005 recommendation. We also requested management provide supporting

information. Progress on each recommendation was summarized in the following categories.

- Complete
- Work in progress
- Planning stage
- No progress to date, but plan to take action
- Action no longer required or appropriate
- Do not intend to implement recommendation

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8.6 Our review procedures focused on whether self-assessments and information provided by management were accurate, reliable and complete.

Review Objective and Scope

8.7 The objective of this assignment was to provide moderate or review level assurance on the implementation status of recommendations from the 2004 and 2005 Reports of the Auditor General.

8.8 Our review was based on written representations by government management which we substantiated through interviews and review of documentation. Moderate assurance, in the context of this assignment, means performing sufficient verification work to satisfy the reviewer that the implementation status as described by government is plausible in the circumstances. Further information on the difference between an audit and a review or high and moderate assurance is available in the Canadian Institute of Chartered Accountants Handbook, Section 5025 – Standards for Assurance Engagements.

8.9 Our criteria were based on qualitative characteristics of information as described in the CICA Handbook. Management representations were assessed against the following criteria.

- Representations on implementation status should be accurate and neither overstate nor understate progress.
- Representations on implementation status should be reliable and verifiable.
- Representations on implementation status should be complete and adequately disclose progress to date.

Significant Observations

8.10 *Conclusions and summary of observations* – We were able to obtain sufficient support for the self-assessments to satisfy our review objectives with the exception of one recommendation related to the Department of Finance. Overall we are concerned with the timeliness of actions taken to address the recommendations in our audit reports. We found that only 39% of our 2004 and 2005 recommendations (49% and 28% respectively) have been addressed and implemented to date. After two or more years, 55% are in various stages of implementation, and government does not plan to take action on another 6%. Progress on implementing our audit recommendations has not been sufficient.

8.11 In 2004 and 2005, we made 272 (2003-137) recommendations to government. Progress on the results of each year's follow-up of recommendation implementation status is summarized as follows.

Implementation Status	2002 3rd Year Follow-up in 2005	2003 3rd Year Follow-up in 2006	2004 3rd Year Follow-up in 2007	2005 2nd Year Follow-up in 2007
Complete	35%	48%	49%	28%
Not Complete	56%	42%	47%	63%
Do not Intend to Implement Recommendation	5%	7%	4%	8%
Other	4%	3%	–	1%
	100%	100%	100%	100%

8.12 We performed a review of the self-assessments and supporting documentation and provide moderate assurance to readers of this Chapter. Nothing has come to our attention to cause us to believe that the representations made by government management are not complete, accurate and reliable except for the following item.

December 2005 Chapter 2 – Government Financial Reporting

Recommendation 2.6

We recommend that government make arrangements to conduct a follow-up audit on the governance and control framework relating to the Investment,

Liability Management and Treasury Services and Capital Markets Administration Divisions of the Department of Finance. This audit should be completed by a private sector firm with the expertise necessary to effectively follow-up on the weaknesses identified during the audit.

- 8.13 The Department of Finance self-assessed the status of Recommendation 2.6 as “*Planning Stage*”. We were not provided with sufficient support for this assessment.
- 8.14 In late 2004 an audit was conducted on the governance and control framework relating to the Investment, Liability Management and Treasury Services and Capital Markets Administration Divisions of the Department of Finance which resulted in a denial of opinion by the auditors. When we reported these results in 2005, we recommended that a private-sector firm conduct a follow-up audit. A follow-up audit is being conducted by government’s Internal Audit and Risk Management Centre. As noted in paragraph 6.35 of this Report, we recommend that an audit be conducted by an external private-sector firm to determine whether improvements made to weaknesses identified during the 2004 audit would result in an unqualified audit opinion.
- 8.15 Due to the workload during the year-end accounting period the Department of Finance was given a two and a half month extension from June 30, 2007 to September 15, 2007 to complete the self-assessment of progress on prior years’ audit recommendations. The Department was to self-assess progress on recommendations from audits reported in June 2004, June 2005 and December 2005. By November 15, 2007 the Department had sent self-assessment forms but information was not provided for several recommendations related to three Chapters. After subsequent discussion with the Department, there remains one recommendation for which no self-assessment was provided. This is noted as “*Did Not Report*” in Exhibit 8.3 at the end of this Chapter.
- 8.16 The 272 recommendations from the 2004 and 2005 Reports of the Auditor General are shown in Exhibits 8.1, 8.2, 8.3 and 8.4 at the end of this Chapter along with management’s assessment of the implementation status.
- 8.17 The following table summarizes departmental or entity progress by report and overall. It shows that some departments or entities have made more progress than others in addressing our recommendations.



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2004 Report of the Auditor General Chapter	Complete	Work in Progress	Planning Stage	No Progress to Date but Plan to Take Action	Action no Longer Required	Do not intend to Implement	Other	Total Recommendations
Community Services								
December Chapter 7 Pharmacare and Other Drug Programs – Department of Community Services			1 100%					1 100%
Education								
June Chapter 4 Halifax Regional School Board – Follow-up to 2000 Audit	4	1						5
June Chapter 4 Department of Education – Follow-up to 2000 Audit	3							3
June Chapter 5 Nova Scotia Community College	5	3						8
June Chapter 5 Nova Scotia Community College – Department of Education				1				1
Subtotal	12 70%	4 24%		1 6%				17 100%
Finance								
June Chapter 2 Government Financial Reporting	2					3		5
June Chapter 3 Government System and Controls		4						4
December Chapter 5 Pension Asset Management and Governance of Retirement Benefits – PSSP	5	1						6
December Chapter 5 Pension Asset Management and Governance of Retirement Benefits – TPP	3	2			1			6

2004 Report of the Auditor General Chapter	Complete	Work in Progress	Planning Stage	No Progress to Date but Plan to Take Action	Action no Longer Required	Do not Intend to Implement	Other	Total Recommendations
Finance								
December Chapter 8 Revenues and Recoveries – Department of Finance	1				1	1		3
Subtotal	11 46%	7 29%			2 8%	4 17%		24 100%
Health								
June Chapter 6 District Health Authorities 1, 2 & 3 – Shared Administrative Services – DHA 1	4	1	2					7
June Chapter 6 District Health Authorities 1, 2 & 3 – Shared Administrative Services – DHA 2	4	1	2					7
June Chapter 6 District Health Authorities 1, 2 & 3 – Shared Administrative Services – DHA 3	4	2	1					7
June Chapter 6 District Health Authorities 1, 2 & 3 – Shared Administrative Services – Department of Health		2						2
December Chapter 6 Capital District Health Authority	4	1	1					6
December Chapter 6 Capital District Health Authority – Department of Health		1						1
December Chapter 7 Pharmacare and Other Drug Programs – Department of Health	5	4		4		1		14
December Chapter 8 Revenues and Recoveries – Department of Health		5		3				8
Subtotal	21 40%	17 33%	6 12%	7 13%		1 2%		52 100%

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2004 Report of the Auditor General Chapter	Complete	Work in Progress	Planning Stage	No Progress to Date but Plan to Take Action	Action no Longer Required	Do not Intend to Implement	Other	Total Recommendations
Service Nova Scotia and Municipal Relations								
December Chapter 9 Municipal Services Division	1 33%	2 67%						3 100%
Tourism, Culture and Heritage								
June Chapter 7 Audit of Selected Aspects of Operations	2 40%	2 40%	1 20%					5 100%
Transportation and Public Works								
June Chapter 8 Public Safety Communications Program Office	1	3						4
June Chapter 9 Road Safety	7	5						12
Subtotal	8 50%	8 50%						16 100%
Crown Agencies and Corporations								
June Chapter 10 Emergency Measures Organization of Nova Scotia	4 57%	2 29%	1 14%					7 100%
December Chapter 4 Payroll Rebates – Nova Scotia Business Inc.	5 100%							5 100%
December Chapter 10 Resource Recovery Fund Board Incorporated	4 40%	3 30%	1 10%	1 10%	1 10%			10 100%
Total 2004 Recommendations	68 49%	45 32%	10 7%	9 6%	3 2%	5 4%		140 100%

2005 Report of the Auditor General Chapter	Complete	Work in Progress	Planning Stage	No Progress to Date but Plan to Take Action	Action no Longer Required	Do not Intend to Implement	Other	Total Recommendations
Community Services								
December Chapter 6 Income Assistance and Child Care Centres	6 50%	4 33%	2 17%					12 100%
Education								
June Chapter 4 Special Education – Annapolis Valley Regional School Board		4						4
June Chapter 4 Special Education – Chignecto-Central Regional School Board	2	1				1		4
June Chapter 4 Special Education – Department of Education		2	2			1		5
December Chapter 7 Student Assistance		6	3					9
Subtotal	2 9%	13 59%	5 23%			2 9%		22 100%
Finance								
June Chapter 2 Government Financial Reporting	3					3	1 (see par 8.15)	7
June Chapter 3 Government Systems and Controls	1	1						2
June Chapter 5 Pension Administration Systems	1	5	1		1	1		9
December Chapter 2 Government Financial Reporting		4	4			2		10
December Chapter 3 Consulting Contracts and Service Arrangements – Department of Finance		4	1					5
Subtotal	5 15%	14 42%	6 18%		1 3%	6 18%	1 3%	33 100%

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2005 Report of the Auditor General Chapter	Complete	Work in Progress	Planning Stage	No Progress to Date but Plan to Take Action	Action no Longer Required	Do not Intend to Implement	Other	Total Recommendations
Health								
June Chapter 6 Nova Scotia Hospital Information System (NSHIS)		1 100%						1 100%
Justice								
December Chapter 4 Electronic Information Security and Privacy Protection	2 25%	5 63%	1 12%					8 100%
Natural Resources								
June Chapter 8 Fleet Management – Department of Natural Resources	10 45%	7 32%	2 9%)			3 14%		22 100%
Office of Economic Development								
December Chapter 3 Consulting Contracts and Service Arrangements – Office of Economic Development		3 75%	1 25%					4 100%
Office of Health Promotion								
December Chapter 8 Sport and Recreation Program Area	5 56%	4 44%						9 100%
Public Service Commission								
December Chapter 3 Consulting Contracts and Service Arrangements – Public Service Commission		1 100%						1 100%
Tourism Culture and Heritage								
December Chapter 3 Consulting Contracts and Service Arrangements – Tourism Culture and Heritage			1 100%					1 100%

2005 Report of the Auditor General Chapter	Complete	Work in Progress	Planning Stage	No Progress to Date but Plan to Take Action	Action no Longer Required	Do not Intend to Implement	Other	Total Recommendations
Transportation and Public Works								
June Chapter 8 Fleet Management – Department of Transportation and Public Works	7 44%	9 56%						16 100%
Treasury and Policy Board								
December Chapter 3 Consulting Contracts and Service Arrangements – Treasury and Policy Board		3 100%						3 100%
Total 2005 Recommendations	37 28%	64 48%	18 14%	-	1 1%	11 8%	1 1%	132 100%

FOLLOW-UP OF 2004 AND 2005 AUDIT RECOMMENDATIONS

8.18 We are pleased to note that Nova Scotia Business Inc. has completed implementation of all our December 2004 recommendations.

8.19 In Chapter 7 of the December 2006 Report of the Auditor General we identified the need for government to take a direct role and responsibility for coordinating responses and actions on matters reported by this Office. We understand that Treasury and Policy Board are currently leading an initiative that may address our concerns, but to date this is still in progress. We believe this is an important initiative and strongly encourage timely completion and implementation. We are repeating our recommendation from 2006.

Recommendation 8.1

Government should prepare and table in the House its response to and plans for addressing recommendations included in the Auditor General's Reports.

Exhibit 8.1 – June 2004

Chapter 2 – Government Financial Reporting

2.1 We recommend the economic assumptions and estimated revenues for each line item be developed after the Executive Council has approved planned revenue and spending decisions for the coming year and the impact of those decisions be incorporated into the development of the economic assumptions and the revenue line items.

Status – Do not intend to implement recommendation

2.2 We recommend all assumptions used in the development of the revenue estimates be approved by the Executive Council.

Status – Do not intend to implement recommendation

2.3 We recommend that the processes and practices for measurement and recognition of tax and other revenue transfers from the federal government be reviewed to ensure they are the most appropriate.

Status – Complete

2.4 We recommend that government, where possible, identify required and planned accounting changes to the House in advance of the start of the fiscal year in which they will be implemented.

Status – Do not intend to implement recommendation

2.5 We recommend that government news releases on its financial reports and reporting be factually correct, complete and accurate.

Status – Complete

Chapter 3 – Government Systems and Controls

3.1 We recommend government ensure adequate, cost-effective controls exist and operate for CFMS and its other SAP systems.

Status – Work in Progress

3.2 We recommend the pension administration system implementation project be reviewed by the Trustee to ensure costs charged to the pension plans are fair and reasonable.

Status – Work in Progress

3.3 We recommend government consider increased use of independent service audit arrangements to ensure data processing service providers have adequate functioning controls in place.

Status – Work in Progress

3.4 We recommend government assess the adequacy of its own control procedures associated with data processing service provider arrangements.

Status – Work in Progress

Chapter 4 – Halifax Regional School Board – Follow-up to 2000 Audit

Halifax Regional School Board

4.1 We recommend that the RSBs continue to request annual and multi-year funding targets from the Province prior to commencement of the fiscal year. This would facilitate Board approval of final budgets before the start of the fiscal year.

Status – Work in Progress

4.2 We recommend that the Halifax Regional School Board start the forecasting process by the end of the first quarter of the fiscal year.

Status – Complete

4.3 We recommend that the Department of Education and HRSB ensure that the level of achievement of performance targets and outcome measures is reported in the RSB business plans.

Status – Complete

4.4 We recommend that the Department of Education and School Boards work towards establishing Generally Accepted Accounting Principles as the basis of accounting for Regional School Boards.

Status – Complete

4.5 We recommend that the Halifax Regional School Board continue discussions with the Departments of Education and Finance with a view towards obtaining a service organization audit opinion on the data processing operation.

Status – Complete

Department of Education

4.3 We recommend that the Department of Education and HRSB ensure that the level of achievement of performance targets and outcome measures is reported in the RSB business plans.

Status – Complete

4.4 We recommend that the Department of Education and School Boards work towards establishing Generally Accepted Accounting Principles as the basis of accounting for Regional School Boards.

Status – Complete

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4.5 We recommend that the Halifax Regional School Board continue discussions with the Departments of Education and Finance with a view towards obtaining a service organization audit opinion on the data processing operation.

Status – Complete

Chapter 5 – Nova Scotia Community College

Nova Scotia Community College

5.1 We recommend that the College prepare monthly bank reconciliations approved by management and that the physical security over blank and printed cheques be improved. We also recommend that the College's student accounts receivable reconciliation problems be addressed.

Status – Complete

5.2 We recommend that the College improve its process for identifying students with accounts in arrears.

Status – Work in Progress

5.3 We recommend that the College develop formal policies governing the safeguarding of personal computers and related equipment and, for systems maintained internally, the backup of data files and disaster recovery.

Status – Complete

5.4 We recommend that the College ensure that internal audit recommendations are addressed in a timely manner.

Status – Complete

5.5 We recommend that the College document the rationale for exempting specific purchases from compliance with policy. All exceptions should be formally approved by appropriate management. The College should also maintain evidence of public tendering.

Status – Complete

5.6 We recommend that the College prepare an annual business plan which links to the strategic plan and budgets approved by the Board and includes the College's key performance indicators. Business plans should set out operational priorities for the year and related financial information. These plans should be approved by senior management of the College and the Board.

Status – Complete

5.8 We recommend that the College ensure that the assumptions and calculations supporting the utilities budget are appropriately documented.

Status – Work in Progress

5.9 We recommend that the College develop a system to track the status of high priority building deficiencies and that the College and Departments of Education and Transportation and Public Works develop a plan to address deferred maintenance.

Status – Work in Progress

Department of Education

5.7 We recommend that the Department of Education formally notify the College of its funding prior to the beginning of the fiscal year, and that the Department strive to establish a longer-term funding commitment.

Status – No progress to date but plan to take action

Chapter 6 – District Health Authorities 1, 2 and 3 – Shared Administrative Services

District Health Authority 1

6.1 We recommend that the shared services agreement be finalized

Status – Complete

and that it include service or performance standards with provisions for required reporting on achievement.

Status – Planning Stage

6.2 We recommend the DHAs and the Department of Health review the allocation methodology for expenses related to shared services to ensure that direct costs are borne by the DHA which receives the benefit of the service.

Status – Work in Progress

6.4 We recommend the completion of a financial policy manual

Status – Complete

including policies surrounding the business planning and budget preparation process and periodic monitoring. Policies should include a quality assurance process for the budget.

Status – Planning Stage

6.5 We recommend that all proposed lease transactions be thoroughly analyzed by DHA management to determine due regard for economy and efficiency, compliance with government legislation and policies, and appropriate accounting treatment in the financial statements of the DHA and the government's financial statements.

Status – Complete

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6.6 We recommend the DHAs draft additional procurement policies which comply with the *Government Procurement Process – ASH Sector*. These should include a policy on alternative procurement practices and a records retention policy.

Status – Complete

District Health Authority 2

6.1 We recommend that the shared services agreement be finalized

Status – Complete

and that it include service or performance standards with provisions for required reporting on achievement.

Status – Planning Stage

6.2 We recommend the DHAs and the Department of Health review the allocation methodology for expenses related to shared services to ensure that direct costs are borne by the DHA which receives the benefit of the service.

Status – Work in Progress

6.4 We recommend the completion of a financial policy manual

Status – Complete

including policies surrounding the business planning and budget preparation process and periodic monitoring. Policies should include a quality assurance process for the budget.

Status – Planning Stage

6.5 We recommend that all proposed lease transactions be thoroughly analyzed by DHA management to determine due regard for economy and efficiency, compliance with government legislation and policies, and appropriate accounting treatment in the financial statements of the DHA and the government's financial statements.

Status – Complete

6.6 We recommend the DHAs draft additional procurement policies which comply with the *Government Procurement Process – ASH Sector*. These should include a policy on alternative procurement practices and a records retention policy.

Status – Complete

District Health Authority 3

6.1 We recommend that the shared services agreement be finalized

Status – Complete

and that it include service or performance standards with provisions for required reporting on achievement.

Status – Planning Stage

6.2 We recommend the DHAs and the Department of Health review the allocation methodology for expenses related to shared services to ensure that direct costs are borne by the DHA which receives the benefit of the service.

Status – Work in Progress

6.4 We recommend the completion of a financial policy manual

Status – Complete

including policies surrounding the business planning and budget preparation process and periodic monitoring. Policies should include a quality assurance process for the budget.

Status – Work in Progress

6.5 We recommend that all proposed lease transactions be thoroughly analyzed by DHA management to determine due regard for economy and efficiency, compliance with government legislation and policies, and appropriate accounting treatment in the financial statements of the DHA and the government's financial statements.

Status – Complete

6.6 We recommend the DHAs draft additional procurement policies which comply with the *Government Procurement Process – ASH Sector*. These should include a policy on alternative procurement practices and a records retention policy.

Status – Complete

Department of Health

6.2 We recommend the DHAs and the Department of Health review the allocation methodology for expenses related to shared services to ensure that direct costs are borne by the DHA which receives the benefit of the service.

Status – Work in Progress

6.3 We recommend that funding levels, business plans and budgets should be approved by DOH prior to commencement of the fiscal year.

Status – Work in Progress

Chapter 7 – Audit of Selected Aspects of Operations

Department of Tourism, Culture and Heritage

7.1 We recommend that the Department review the economic model used

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to calculate the impact of tourism on the Provincial economy to ensure the underlying assumptions and factors are still valid.

Status – Planning Stage

7.2 We recommend that the Department consider initiating periodic audit and other verification processes as provided for in the management agreements as part of its oversight and due diligence in managing the agreements.

Status – Work in Progress

7.3 We recommend that the Tourism Division review its licensing and inspection system and practices, consider establishing a risk-based approach for determining the frequency of inspections, and establish file documentation standards and a file quality assurance review process.

Status – Complete

7.4 We recommend that the Tourism Division review its practices concerning unlicensed establishments and establish a process for improving compliance with the licensing requirements.

Status – Work in Progress

7.5 We recommend that the Culture Division continue to develop its database to include information on receipt of final reports. This would help ensure recipients are held accountable for investment funds received before any new funding is considered.

Status – Complete

Chapter 8 – Public Safety Communications Program Office

8.1 We recommend that the acquisition of capital assets be supported by comprehensive analysis of the costs and benefits and risks and rewards of identified alternatives. The most economical alternative which meets user needs should be selected. The accounting treatment of the transaction should not be a determinant in negotiating capital acquisitions.

Status – Work in Progress

8.2 We recommend that the Public Safety Communications Program Office's processes include a requirement for a formal post-implementation evaluation for major systems.

Status – Work in Progress

8.3 We recommend that Transportation and Public Works implement a process to ensure there are formal agreements with all commercial users which are reviewed on a regular basis. The process should ensure rates charged are appropriate and all revenues due to the Province are collected on a timely basis.

Status – Complete

8.4 We recommend that the capital asset management system of the Public Safety Communications Program Office include complete lists of capital assets under its control.

Status – Work in Progress

Chapter 9 – Road Safety

9.1 We recommend that regular comprehensive, comparative reports on the status of road safety initiatives and progress in achieving road safety targets be prepared and reported to the public.

Status – Complete

9.2 We recommend that TPW publish its accountability reports on a more timely basis.

Status – Complete

9.3 We recommend that public information on the status of road safety be comprehensive, comparable and provide credible information which is fairly presented.

Status – Complete

9.4 We recommend that the Department of Justice include outcome measures related to highway safety in its business planning process.

Status – Work in Progress

9.5 We recommend that objectives, priorities and/or goals related to the traffic services component of the Provincial Police Service Agreement be communicated to the RCMP before the fiscal year begins. The targets should relate to expected future progress and achievement.

Status – Work in Progress

9.6 We recommend that the Province ensure all significant requirements of the Letter of Agreement with the RCMP on commercial vehicle enforcement are met.

Status – Work in Progress

9.7 We recommend that the Department of Justice request the RCMP to report progress relating to road safety as it pertains to services the RCMP provide under the Provincial Police Service Agreement. The Department should also ensure that all reporting requirements of the Provincial Police Service Agreement are met.

Status – Work in Progress

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9.8 We recommend that TPW resolve the problems with the accuracy and timeliness of the collision rate books

Status – Complete

and use the information to determine road sections with high collision rates.

Status – Work in Progress

9.9 We recommend that minutes be prepared, approved and retained for all meetings of RSAC, its subcommittees and its Deputy Minister oversight committee.

Status – Complete

9.10 We recommend that responsible departments report back to the Road Safety Advisory Committee on the status of initiatives which it has recommended.

Status – Complete

9.11 We recommend that Road Safety Advisory Committee business plans be formulated and communicated to affected organizations and departments before the beginning of the fiscal year to which they pertain.

Status – Complete

Chapter 10 – Emergency Measures Organization of Nova Scotia

10.1 We recommend that the Civil Emergency Planning Regulations be updated to include a process which ensures the continuity of government in both war and peacetime emergency situations. Responsibility for business continuity should be clearly and formally assigned.

Status – Work in Progress

10.2 We recommend that changes to Executive Council approvals for financial assistance programs be formally determined.

Status – Complete

10.3 We recommend that all disaster financial assistance claim files include adequate support for the final decision on eligibility to ensure that assistance paid can be recovered on a timely basis from the Federal government.

Status – Complete

10.4 We recommend that the capital acquisition process for the Emergency Measures Organization include a requirement for a formal post-implementation evaluation when significant new systems are acquired.

Status – Planning Stage

10.5 We recommend that EMO management consult with officials of the Department of Finance and Treasury and Policy Board about including more information on the financial position and operations of the E911 Cost Recovery Fund in the public financial reporting of the Province.

Status – Complete

10.6 We recommend the establishment of adequate controls to ensure all amounts due to the E911 Cost Recovery Fund are collected.

Status – Work in Progress

10.7 We recommend that the annual plans and budgets of the E911 Cost Recovery Fund be approved prior to the start of the fiscal year to which they relate.

Status – Complete

Exhibit 8.2 – December 2004

Chapter 4 – Nova Scotia Business Inc. – Payroll Rebates

4.1 We recommend that NSBI develop written procedures for the risk assessment process to ensure it is completed consistently for each payroll rebate client. Consideration should also be given to whether staff should be required to utilize common checklists to ensure consistency in assessing the risk of each potential client.

Status – Complete

4.2 We recommend that NSBI determine whether potential rebate clients are in receipt of or will receive other forms of government assistance for the same project and verify funding where applicable. This information should be provided in rebate proposal documents to ensure NSBI's Investment Committee, Board and the Executive Council have a complete financial picture of prospective clients.

Status – Complete

4.3 We recommend that NSBI formally document procedures for payroll rebate disbursements.

Status – Complete

4.4 We recommend that NSBI finalize revised wording for standard rebate terms and conditions. The level of assurance required from an external auditor or procedures to be performed to verify a company has met the terms and conditions necessary for rebate disbursement should be clearly stated.

Status – Complete

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4.5 We recommend that payroll rebate guidelines and policies be included in NSBI's annual business plan as required by Regulations.

Status – Complete

Chapter 5 – Pension Asset Management and Governance of Retirement Benefits

Note: As a result of an agreement between the province and the NSTU, there is now joint trusteeship of the Teachers' Pension Plan, effective April 1, 2006. The administration of the Plan, and the investment of Plan assets, are now separate from the activities of the PSSP.

Public Service Superannuation Plan

5.1 We recommend that changes to the Statement of Investment Policies and Goals should be formally approved by the Investment Advisory Committee for recommendation to and approval by the Trustee. In addition, the Statement should explicitly state the overall risk tolerance or refer to an overall risk management plan.

Status – Complete

5.2 We recommend the Investment Advisory Committee adhere to its role as an advisory committee to the Minister. Formal terms of reference should be developed and approved for the Committee, and updated periodically as appropriate.

Status – Complete

5.3 We recommend the Investment Advisory Committee should consider increased use of external consultants to corroborate changes to investment strategies suggested by Department of Finance staff.

Status – Complete

5.4 We recommend that a system to formally monitor compliance with contractual requirements and mandates of external investment managers should be established.

Status – Complete

5.5 We recommend that the control framework related to pension and other retirement obligations should be formalized as required. Committees involved in the monitoring and/or approval of benefits should provide regular reports to the plan trustee or administrator.

Status – Complete

5.6 We recommend that management should continue to develop a sufficient and appropriate performance management system for the administration of pension and other retirement obligations.

Status – Work in Progress

Teacher's Pension Plan

Note: As a result of an agreement between the province and the NSTU, there is now joint trusteeship of the Teachers' Pension Plan, effective April 1, 2006. The administration of the Plan, and the investment of Plan assets, are now separate from the activities of the PSSP.

5.1 We recommend that changes to the Statement of Investment Policies and Goals should be formally approved by the Investment Advisory Committee for recommendation to and approval by the Trustee. In addition, the Statement should explicitly state the overall risk tolerance or refer to an overall risk management plan.

Status – Work in Progress

5.2 We recommend the Investment Advisory Committee adhere to its role as an advisory committee to the Minister. Formal terms of reference should be developed and approved for the Committee, and updated periodically as appropriate.

Status – Action no longer required or appropriate

5.3 We recommend the Investment Advisory Committee should consider increased use of external consultants to corroborate changes to investment strategies suggested by Department of Finance staff.

Status – Complete

5.4 We recommend that a system to formally monitor compliance with contractual requirements and mandates of external investment managers should be established.

Status – Complete

5.5 We recommend that the control framework related to pension and other retirement obligations should be formalized as required. Committees involved in the monitoring and/or approval of benefits should provide regular reports to the plan trustee or administrator.

Status – Complete

5.6 We recommend that management should continue to develop a sufficient and appropriate performance management system for the administration of pension and other retirement obligations.

Status – Work in Progress

Chapter 6 – Capital District Health Authority

Capital District Health Authority

6.1 We recommend that CDHA establish policies and related system processes regarding timing of interim billings in cases where there has been

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no discharge date for extended time periods. We also recommend terms and conditions be arranged and documented with the parties in these cases.

Status – Complete

6.2 We recommend that CDHA institute a requirement for formal sign off that billing rate updates have been entered correctly. Documentation supporting the changes should be retained.

Status – Complete

6.3 We recommend complete reconciliation of parking tickets issued with cash deposited and appropriate documentation of the process.

Status – Complete

6.4 We recommend that the Department of Health and CDHA reconsider existing policies regarding the provision of services to non-Canadians and modify as required. Policies should address necessary guarantees and credit authorizations, billing frequency and rates, and formal reviews of individual cases by the DHA and Department of Health when charges reach a specified amount or length of stay exceeds a certain number of days.

Status – Work in Progress

6.5 We recommend that CDHA update and strengthen its credit management policies and procedures including credit authorization.

Status – Planning Stage

6.6 We recommend that CDHA disclose its related party relationship with the Foundations and Partners for Care, including transactions between the related parties during the year, in the notes to CDHA's financial statements.

Status – Complete

Department of Health

6.4 We recommend that the Department of Health and CDHA reconsider existing policies regarding the provision of services to non-Canadians and modify as required. Policies should address necessary guarantees and credit authorizations, billing frequency and rates, and formal reviews of individual cases by the DHA and Department of Health when charges reach a specified amount or length of stay exceeds a certain number of days.

Status - Work in Progress

Chapter 7 – Pharmacare and Other Drug Programs

Department of Health

7.1 We recommend the Department and government update and consolidate legislation governing the various prescription drug programs.

Status – Do not intend to implement recommendation

7.2 We recommend that the Departments of Health and Community Services develop a process to establish objectives, measure and evaluate the performance of the Pharmacare Programs. The objectives and results should be included in Departmental Business Plans and Accountability Reports.

Status – Work in Progress

7.3 We recommend that DOH formalize a performance-based third party service contract for the administration of the Pharmacare Programs and that the contract be appropriately approved in accordance with the Government Procurement Policy.

Status – Complete

7.4 We recommend that DOH develop a long-term system development strategy for the Pharmacare Program.

Status – Complete

7.5 We recommend that the Departments eliminate the mark-up paid to pharmacies for generic drugs.

Status – Complete

7.6 We recommend that the Department of Health identify and analyze possible options for reducing drug prices.

Status – Work in Progress

7.7 We recommend DOH increase the number of primary care physicians meeting with academic detailers by identifying and addressing the barriers to participation.

Status – Work in Progress

7.8 We recommend DOH continue and enhance its drug utilization review activities to ensure that both general and specific data related to both providers and patients is examined and followed up on a regular basis.

Status – Complete

7.9 We recommend DOH seek the legislative authority to collect and analyze drug information for all Nova Scotia residents and

Status – No progress to date but plan to take action

move toward a full electronic health record to provide pharmacists, nurse practitioners and physicians with complete information to assist in the identification of potential drug interactions.

Status – Work in Progress

7.10 We recommend DOH establish a real-time electronic system to track utilization of drugs monitored by the Prescription Monitoring Association

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of Nova Scotia with the goal of flagging issues before prescriptions are dispensed.

Status – Complete

7.11 We recommend that each of the disease specific drug programs be reviewed to ensure that the rationale for the program is still valid and that the coverage provided by the various programs is consistent.

Status – No progress to date but plan to take action

7.12 We recommend that the controls over claims related to disease-based programs be strengthened to include audit verification, appropriate segregation of duties and assessment of the reasonableness of drug costs.

Status – No progress to date but plan to take action

7.13 We recommend the Department of Health put processes in place to ensure that it is receiving sufficient information from the QEII and the IWK to allow detailed analysis of program costs and to ensure only eligible patients receive prescriptions covered by the Exception Drug Fund.

Status – No progress to date but plan to take action

Department of Community Services

7.2 We recommend that the Departments of Health and Community Services develop a process to establish objectives, measure and evaluate the performance of the Pharmacare Programs. The objectives and results should be included in Departmental Business Plans and Accountability Reports.

Status – Planning Stage

Chapter 8 – Revenues and Recoveries

Department of Health

8.1 We recommend that the DOH Revenue/Recovery Section require billings from the DHAs and IWK to be submitted to DOH within 30 days of discharge.

Status – Work in Progress

8.2 We recommend that the DOH Revenue/Recovery Section ensure that all non-resident patient declaration forms are obtained from hospitals at the time billing data is submitted to the Department.

Status – Work in Progress

8.3 We recommend the Department of Health implement necessary changes to enable electronic exchange of reciprocal billing information with all jurisdictions.

Status – No progress to date but plan to take action

8.4 We recommend that the Department of Health work towards accumulating the necessary cost information to assess whether fees are adequate to cover the cost of services delivered.

Status – No progress to date but plan to take action

8.5 We recommend that the Department of Health develop a process to recover costs currently excluded from the motor vehicle levy from third parties.

Status – Work in Progress

8.8 We recommend that the Department of Health review the rates charged by DHAs for the most common uninsured services and establish common rates which recover the costs of services provided.

Status – No progress to date but plan to take action

8.9 We recommend that all DHAs have formal credit management policies and that the policies be complied with. We also recommend that the DHAs make significant efforts to increase the timeliness of accounts receivable collection.

Status – Work in Progress

8.10 We recommend that the Department continue with its efforts to achieve conformity with the MIS Guidelines in recording and standardized reporting of revenues and recoveries across the DHAs.

Status – Work in Progress

Department of Finance

8.6 We recommend more stringent credit monitoring to ensure collection of the motor vehicle levy from the insurance companies within the 60 day policy

Status – Complete

including consideration of charging interest on overdue amounts.

Status – Do not intend to implement recommendation

8.7 We recommend that the Superintendent of Insurance develop a process for reconciling the number of vehicles reported by the IBC to the number of vehicles registered with the Nova Scotia Registry of Motor Vehicles to ensure motor vehicle levy invoices are based on accurate information.

Status – Action no longer required or appropriate

Chapter 9 – Municipal Services Division

9.1 We recommend that the accounts of Service Nova Scotia and Municipal

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Relations include all expenditures and recoveries relating to grants to municipalities which are the responsibility of the Minister of SNSMR.

Status – Complete

9.2 We recommend the Department ensure reporting of municipal performance occurs on a timely basis.

Status – Work in Progress

9.3 We recommend the Department apply sufficient resources and implement additional procedures, if necessary, to ensure municipal statistical reports are available on a timely basis.

Status – Work in Progress

Chapter 10 – Resource Recovery Fund Board Incorporated

10.1 We recommend that Resource Recovery Fund Board improve its external reporting of performance. Including information such as performance against quantified targets in the organization’s annual report would improve its usefulness as an accountability document.

Status – Complete

10.2 We recommend that Resource Recovery Fund Board review its financial reporting policies to ensure its annual financial statements are fairly presented in accordance with associated agreements, regulations and generally accepted accounting principles.

Status – Complete

10.3 We recommend that initiatives be taken to strengthen control over information technology, including an industry-standard computer room, more secure off-site storage of file back-ups, and documentation of staff agreement to follow the organization’s security policies and acceptable use guidelines.

Status – Work in Progress

10.4 We recommend that Resource Recovery Fund Board strengthen controls to reduce the risk associated with the two co-located Enviro-Depots/regional processing centres.

Status – Complete

10.5 We recommend that Department of Environment and Labour requests for payment for reimbursable expenses be supported by an analysis of actual expenses made by the Department, and an indication of how such expenses further the achievement of the goals, objectives and mandate of RRFB or the Fund.

Status – No progress to date but plan to take action

10.6 We recommend that Resource Recovery Fund Board adhere to the spirit and detailed requirements of the Nova Scotia Procurement Policy.

Status – Complete

10.7 We recommend that new business initiatives be adequately supported by a comprehensive analysis of the costs, benefits and risks. Costs and progress against identified goals and targets should be monitored throughout the life of the project.

Status – Work in Progress

10.8 We recommend Resource Recovery Fund Board update its articles of incorporation or prepare a set of comprehensive corporate bylaws.

Status – Planning Stage

10.9 We recommend that all government entities be required to obtain formal approval before they create, acquire or dispose of another government entity.

Status – Action no longer required or appropriate

10.10 We recommend government establish a communication process to ensure relevant statutory, policy or other requirements are effectively communicated to the governing bodies and senior management of all government entities. We also recommend Resource Recovery Fund Board put in place a process to ensure it is aware of, and in compliance with, all statutory or other requirements affecting its operations.

Status – Work in Progress

Exhibit 8.3 – June 2005

Chapter 2 – Government Financial Reporting

2.1 We recommend that the development of the economic assumptions and estimated revenues for each line item be completed after the Executive Council has approved planned revenue and spending decisions for the coming year. The impact of those decisions should be specifically incorporated into the development of the economic assumptions and the revenue line items.

Status – Do not intend to implement recommendation

2.2 We recommend the effective date of the economic assumptions be the date they are approved by the Executive Council.

Status – Complete

2.3 We recommend all key economic assumptions used in the development of the revenue estimates be approved by the Executive Council.

Status – Do not intend to implement recommendation

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2.4 We recommend that, in accordance with GAAP, Federal transfer payments be included in revenue as opposed to being netted against expense appropriations.

Status – Complete

2.5 We recommend the budget process be reviewed and revised to ensure there is proper cut off of information and that the revenue estimates reflect the most current information available.

Status – Did not report (Note – See paragraph 8.15 of this Report)

2.6 We recommend the budget process be reviewed and revised to ensure Finance is made aware of all potential revenue line items so the Department can assess relevant information when determining the Province’s estimated revenues and related disclosures.

Status – Do not intend to implement recommendation

2.7 We recommend government take steps to ensure the necessary resources and processes are in place to ensure the Province’s annual SEC Form 18K report is filed as required on a timely basis.

Status – Complete

Chapter 3 – Government Systems and Controls

3.1 We recommend government assess the adequacy of its own control procedures associated with data processing service provider arrangements.

Status – Work in Progress

3.2 We recommend that annual business planning information and accountability reporting on the Industrial Expansion Fund be made available to the House of Assembly on at least the same basis as such information is currently available on other crown entities.

Status – Complete

Chapter 4 – Special Education

Annapolis Valley Regional School Board

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.

Status – Work in Progress

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.

Status – Work in Progress

4.4 We recommend that the Department and RSBs reestablish the practice of conducting peer reviews of RSBs for verification of compliance with legislation, regulations and policies and sharing of best practices.

Status – Work in Progress

4.6 We recommend that the RSBs negotiate with the District Health Authorities to establish a documented protocol with respect to the performance of medical procedures. Where the procedures are to be performed by teacher assistants, related training needs should be addressed.

Status – Work in Progress

Chignecto-Central Regional School Board

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.

Status – Work in Progress

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.

Status – Complete

4.4 We recommend that the Department and RSBs reestablish the practice of conducting peer reviews of RSBs for verification of compliance with legislation, regulations and policies and sharing of best practices.

Status – Do not intend to implement recommendation

4.6 We recommend that the RSBs negotiate with the District Health Authorities to establish a documented protocol with respect to the performance of medical procedures. Where the procedures are to be performed by teacher assistants, related training needs should be addressed.

Status – Complete

Department of Education

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.

Status – Work in Progress

4.3 We recommend that the Department of Education require RSBs to prepare a comprehensive annual report on the performance of all major

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Special Education programs. The annual report should be made available to stakeholders including the Department, parents, and members of the House of Assembly.

Status – Planning Stage

4.4 We recommend that the Department and RSBs reestablish the practice of conducting peer reviews of RSBs for verification of compliance with legislation, regulations and policies and sharing of best practices.

Status – Do not intend to implement recommendation

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

Status – Work in Progress

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.

Status – Planning Stage

Chapter 5 – Pension Administration System (PenFax)

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.

Status – Work in Progress

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.

Status – Planning Stage

5.3 We recommend that, in conjunction with the development of a corporate business continuity planning process, the Business Technology Advisory Committee (BTAC) examine the needs for a corporate disaster recovery planning process, as it relates to the provision of information technology services.

Status – Action no longer required or appropriate

5.4 We recommend that PSG management enter into appropriate service level agreements with the Resources CSU.

Status – Work in Progress

5.5 We recommend that management periodically review security matters surrounding the PenFax system.

Status – Complete

5.6 We recommend that the PSG develop security and privacy policies and communicate these to staff. The signing of a security and confidentiality agreement by employees should be an integral component of these policies.

Status – Work in Progress

5.7 We recommend that a sign-off procedure for file reviews be designed and implemented. A check list could be inserted into the member file noting review procedures with sign-off required when the work is completed.

Status – Do not intend to implement recommendation

5.8 We recommend that PSG management continue with its data integrity initiatives and contact with employers to prevent errors from occurring in the pension source data.

Status – Work in Progress

5.9 We recommend that data transfer procedures between employees and PSG be standardized, to meet the requirements of the PenFax system, and that employers be accountable for data accuracy

Status – Work in Progress

Chapter 6 – Nova Scotia Hospital Information System (NSHIS) Project

6.1 We recommend the disaster recovery plans and procedures be formalized and tested.

Status - Work in Progress

Chapter 8 – Fleet Management

Department of Transportation and Public Works

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.

Status - Complete

In doing so, consideration should be given to including fleet operations of other government departments and agencies.

Status - Work in Progress

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8.3 Government should review the policy on acquisition of fleet assets and assess the reasonableness of the \$25,000 limit and/or clarify the application of the limit to the different vehicles employed in Provincial fleet operations.

Status – Complete

8.4 We recommend that acquisition and disposal decisions be better documented in both Departments,

Status – Complete

and be based on analysis of the best means of meeting operational needs.

Status – Work in Progress

8.5 We recommend that life-cycle costs, environmental performance,

Status –Complete

and operational performance of similar fleet assets previously acquired be considered in purchase decisions.

Status – Work in Progress

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.

Status – Work in Progress

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.

Status – Work in Progress

8.9 We recommend that government require reimbursements for personal use of government vehicles based on full operating and capital costs.

Status – Work in Progress

8.10 We recommend that Transportation and Public Works document the value in permitting certain unreimbursed use of vehicles by staff who are on-call or standby. TPW should also submit for expert analysis its practices in this area to ensure full compliance with the Income Tax Act.

Status – Complete

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.

Status – Work in Progress

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.

Status – Complete

8.14 We recommend the preparation and implementation of a government-wide policy for the storage and handling of fuel. The policy should be adequately communicated and address all requirements of the Petroleum Management Regulations and Dangerous Goods Management Regulations.

Status – Complete

8.15 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.

Status – Work in Progress

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

Status – Work in Progress

Department of Natural Resources

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.

Status - Work in Progress

8.2 We recommend that the Department of Natural Resources' fleet management branch review and assess its current information needs and evaluate the ability of current systems to meet them. The Department should also assess the need for additional staff training in fleet management systems and practices.

Status – Work in Progress

8.3 Government should review the policy on acquisition of fleet assets and assess the reasonableness of the \$25,000 limit and/or clarify the application of the limit to the different vehicles employed in Provincial fleet operations.

Status – Complete

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STATUS

8.4 We recommend that acquisition and disposal decisions be better documented in both Departments, and be based on analysis of the best means of meeting operational needs.

Status – Complete

8.5 We recommend that life-cycle costs,

Status – Planning Stage

environmental performance,

Status – Complete

and operational performance of similar fleet assets previously acquired be considered in purchase decisions.

Status – Work in Progress

8.6 We recommend that the Department of Natural Resources improve safeguarding of its fleet assets, parts and supplies.

Status – Complete

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.

Status – Work in Progress

We further recommend that maintenance activities be adequately supported by appropriate documentation.

Status – Complete

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

Status – Work in Progress

and only for authorized purposes.

Status – Do not intend to implement recommendation

8.9 We recommend that government require reimbursements for personal use of government vehicles based on full operating and capital costs.

Status – Do not intend to implement recommendation

8.10 We recommend that Transportation and Public Works document the value in permitting certain unreimbursed use of vehicles by staff who are on-call or standby. TPW should also submit for expert analysis its practices in this area to ensure full compliance with the Income Tax Act.

Status – Do not intend to implement recommendation

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.

Status – Work in Progress

8.12 We recommend that expenses of the Department of Natural Resources be recorded in appropriate general ledger accounts, and that the Department's budget have no role in how expenses are classified.

Status – Complete

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.

Status – Complete – air fleet, Work in Progress – vehicle fleet

8.14 We recommend the preparation and implementation of a government-wide policy for the storage and handling of fuel. The policy should be adequately communicated and address all requirements of the Petroleum Management Regulations and Dangerous Goods Management Regulations. 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.

Status – Complete – air fuel, Planning Stage – vehicle fuel

8.15 We recommend that the Department of Natural Resources comply with sole-sourcing approval and reporting provisions of the Provincial Procurement Policy.

Status – Complete

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

Status – Complete

Exhibit 8.4 – December 2005

Chapter 2 – Government Financial Reporting

2.1 We recommend steps be taken to ensure the Province complies more fully with generally accepted accounting principles, especially with regard to disclosing GAAP-compliant budget information in the financial statements.

Status – Work in Progress

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2.2 We recommend internal controls within government, including specifically the positions with roles and responsibilities for control effectiveness, be clearly documented and effectively communicated.

Status – Planning Stage

2.3 We recommend a defined plan and schedule be developed to ensure the government management manuals are updated, to include all relevant financial and accounting policies, in a timely manner.

Status – Work in Progress

2.4 We recommend an ongoing process be established to identify the risks to the integrity of the financial statements and ensure the exposure is minimized. This process should be documented.

Status – Planning Stage

2.5 We recommend government and departments ensure roles and responsibilities for internal control are being performed effectively and, where appropriate, subject to adequate coverage by internal audit or other audit resources.

Status – Planning Stage

2.6 We recommend that government make arrangements to conduct a follow-up audit on the governance and control framework relating to the Investment, Liability Management and Treasury Services and Capital Markets Administration Divisions of the Department of Finance. This audit should be completed by a private sector firm with the expertise necessary to effectively follow up on the weaknesses identified during the audit.

Status – Planning Stage

Note: We were not provided with sufficient support for this assessment. See our comment in paragraph 8.13.

2.7 We recommend government take steps to ensure weaknesses identified in the first service auditor report for the centralized SAP infrastructure are addressed so that an unqualified opinion may be provided. As well, the next report should be completed and issued so it is available for use in the March 31, 2006 financial statement audits of the Province and entities which use the SAP Customer Competency Centre.

Status – Work in Progress

2.8 We recommend management address the recommendations to improve controls within the Business Registration Unit of SNSMR in a timely manner.

Status – Work in Progress

2.9 We recommend that policies and procedures concerning the use of contingencies in the Province's budgets and forecasts be clearly defined and

communicated. When contingencies are used, they should be specifically approved by Executive Council and clearly disclosed in the applicable document.

Status – Do not intend to implement recommendation

2.10 We recommend adequate disclosure in government's budget documents of the risks in achieving the budget.

Status – Do not intend to implement recommendation

Chapter 3 – Consulting Contracts and Service Arrangements

Department of Finance

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.

Status – Work in Progress

3.2 We recommend that departments and agencies ensure the Procurement Policy is followed when awarding consulting contracts and that appropriate documentation is prepared on a timely basis.

Status – Work in Progress

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.

Status – Planning Stage

3.4 We recommend that departments ensure invoices include adequate details to support billings prior to payment. Payments should be in accordance with the terms of the contract.

Status – Work in Progress

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.

Status – Work in Progress

Treasury and Policy Board

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.

Status – Work in Progress

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3.2 We recommend that departments and agencies ensure the Procurement Policy is followed when awarding consulting contracts and that appropriate documentation is prepared on a timely basis.

Status – Work in Progress

3.4 We recommend that departments ensure invoices include adequate details to support billings prior to payment. Payments should be in accordance with the terms of the contract.

Status – Work in Progress

Office of Economic Development

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.

Status – Work in Progress

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.

Status – Work in Progress

3.4 We recommend that departments ensure invoices include adequate details to support billings prior to payment. Payments should be in accordance with the terms of the contract.

Status – Work in Progress

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.

Status – Planning Stage

Public Service Commission

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.

Status – Work in Progress

Tourism, Culture and Heritage

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.

Status – Planning Stage

Chapter 4 – Electronic Information Security and Privacy Protection

4.1 We recommend that the government should develop and implement a comprehensive privacy policy.

Status – Work in Progress

4.2 We recommend that all departments develop and implement a departmental privacy policy, consistent with a government-wide policy, to address the protection of personal information for all departmental business processes.

Status – Work in Progress

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.

Status – Work in Progress

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.

Status – Work in Progress

4.5 We recommend that departments, as part of their departmental privacy plan, implement a formal training program.

Status – Complete

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.

Status – Work in Progress

4.7 We recommend that all personal information sent electronically be encrypted and that policies be established to define acceptable transmission methods.

Status – Planning Stage

4.8 The government should continue to monitor the potential implications of the U.S. Patriot Act as it relates to the security and privacy of personal information held by, or on behalf of, the government of Nova Scotia.

Status – Complete

Chapter 6 – Income Assistance and Child Care Centres

6.1 We recommend that the Department of Community Services review its processes for issuing licences and examine the costs and benefits of issuing

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a licence for a full term once a centre is fully compliant with the Act and regulations. The Department should also improve its licensing guidelines and assess the benefits of delegating the administrative responsibility for licensing to the regional offices.

Status – Work in Progress

6.2 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 record keeping 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.

Status – Planning Stage

We further recommend that the Department review and update its information system controls to prevent a licence from being renewed when there are outstanding compliance violations.

Status – Complete

6.3 We recommend that the Department of Community Services investigate enhancements to the computer system used for licensing child care centre so that timely summary compliance reports are readily available for management use.

Status – Complete

6.4 We recommend the Department of Community Services review and update its Employment Support and Income Assistance policy manual to provide detailed procedures and guidance to assist staff in the interpretation and administration of ESIA legislation and regulations. We further recommend that the Department regularly review and update the policy manual.

Status – Complete

6.5 We recommend the Department of Community Services develop and implement more comprehensive documentation standards for its Employment Support and Income Assistance Program to ensure sufficient and appropriate documentation is maintained to support client eligibility decisions and the amount of assistance provided, and to provide evidence of the monitoring process.

Status – Complete

In addition, a process should be established to ensure documentation standards are consistently followed.

Status – Work in Progress

6.6 We recommend that the Department of Community Services review its current staff roles, responsibilities and authorities to ensure adequate segregation of incompatible duties and/or appropriate compensating controls are in place and functioning as intended.

Status – Complete

6.7 We recommend that all Department of Community Services district offices have processes to review receipts associated with financial assistance purchase orders. Inappropriate purchases should be addressed with clients. We further recommend the development of guidelines to assist staff in this assessment and to indicate appropriate actions to be taken if acquired items are deemed inappropriate.

Status – Work in Progress

6.8 We recommend the Department of Community Services review its maximum disbursement limit for the Employment Support and Income Assistance Program and assess whether or not such a high limit is required for the efficient operation of the Program. We further recommend that the Department implement controls over the disbursement process, such as disbursement review and approval procedures.

Status – Complete

6.9 We recommend that the Department of Community Services implement a training program to ensure staff has the skills needed to identify high risk Employment Support and Income Assistance applicants and circumstances. We further recommend that the Department evaluate the benefits of providing all staff that assess client eligibility with training, resources and tools similar to those used in the Eligibility Review and Early Detection Programs.

Status – Work in Progress

The Department should also review the cost and benefits of the Early Detection Program to determine whether or not the program should be expanded to all regions.

Status – Planning Stage

Chapter 7 – Student Assistance

7.1 We recommend that the Student Assistance Division prepare a long-term operational plan for the Student Assistance program.

Status – Work in Progress

7.2 (repeated from 2002 audit) We recommend that the Student Assistance Division prepare an annual operational plan to provide a clear link between

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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.

Status – Work in Progress

7.3 We recommend that the Student Assistance Division prepare business continuity and disaster recovery plans.

Status – Work in Progress

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.

Status – Work in Progress

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

Status – Planning Stage

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

Status – Work in Progress

7.7 We recommend that the Department of Education seek legal advice to determine whether Section 23(1) of the Provincial Finance Act applies to guaranteed student loans in default.

Status – Planning Stage

7.8 (repeated from 2002 audit) We recommend that the Student Assistance Division continue to improve its electronic edit processes related to interest charges billed by the Bank to the Province.

Status – Planning Stage

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

Status – Work in Progress

Chapter 8 – Sport and Recreation Program Area

8.1 We recommend OHP release annual or biennial progress reports on the implementation of the strategic plan.

Status – Complete

8.2 We recommend that the Sport and Recreation program area establish measurable performance targets for each program. The performance in comparison to targets should be reported to senior management of the program area and OHP.

Status – Complete

8.3 We recommend that government include all grants for recreation facilities in the Estimates process to provide for approval by the House rather than Executive Council.

Status – Complete

8.4 We recommend that government review the funding process for construction of major recreation facilities to ensure adequate accountability, a transparent awards process, and an appropriate policy framework. We also recommend that the timing of distribution of funds be linked to the incurrence of construction costs.

Status – Complete

8.5 We recommend that the Sport and Recreation program area continue to document and formally approve its policies and procedures for the grant process, and that these be made available to all program area staff.

Status – Work in Progress

8.6 We recommend that OHP and financial support staff at DOH develop policies which require analysis of all advance grant payments before they are made to determine (1.) whether the advance is necessary, and (2.) the appropriate fiscal year for recording of the related expenditure in accordance with generally accepted accounting principles.

Status – Work in Progress

8.7 We recommend that OHP and financial support staff at DOH develop policies which require analysis of all unpaid final grant instalments at year end and recording of accounts payable when appropriate according to generally accepted accounting principles.

Status – Work in Progress

8.8 We recommend that the Memorandum of Agreement between the Office of Health Promotion and Sport Nova Scotia include accountability requirements. The Agreement should require Sport Nova Scotia to submit audited financial statements.

Status – Complete

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

Status – Work in Progress

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