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# Introduction

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# 1 Message from the Auditor General

## Introduction

- 1.1 I am pleased to present my June 2010 Report to the House of Assembly on work completed by my Office in the fall of 2009 and winter of 2010.
- 1.2 During 2010, I submitted the following reports.
  - My Report to the House of Assembly on work completed in the summer and fall of 2009, dated January 19, 2010, was tabled on February 3, 2010.
  - My Report on the Estimates of Revenue for the fiscal year ending March 31, 2011, dated April 3, 2010, was included with the budget address delivered by the Minister of Finance on April 6, 2010. My findings related to my work on the Estimates of Revenue will be included in my Fall 2010 Report.
  - My Report to the Speaker on my forensic investigation with respect to the Members' expenses was tabled May 18, 2010.
- 1.3 As the province's Auditor General, my goal is to work towards better government for the people of Nova Scotia. As an independent, nonpartisan officer of the House, I and my Office help to hold the government to account for its management of public funds and contribute to a well-performing public sector. I consider the needs of the public and the House, as well as the realities facing management, in providing sound, practical recommendations to improve the management of public sector programs.
- 1.4 My priorities during my term of office are: to conduct and report audits that provide information to the House of Assembly to assist it in holding government accountable; to focus audit efforts on areas of higher risk that impact on the lives of Nova Scotians; to contribute to a better performing public service for Nova Scotia; and to encourage continual improvement to financial reporting by government; all while promoting excellence and a professional and supportive workplace at the Office of the Auditor General. This Report reflects this service approach.
- 1.5 I wish to acknowledge the valuable efforts of my staff who deserve the credit for the work reported here. As well, I wish to acknowledge the cooperation and courtesy we received from staff in departments, and board members and staff in agencies, during the course of our work.

MESSAGE FROM THE  
AUDITOR GENERAL



## Who We Are and What We Do

- 1.6 The Auditor General is an officer of the Legislature, appointed by the House of Assembly for a ten-year term. He or she is responsible to the House and to the people of Nova Scotia for providing independent and objective assessments of the operations of government, the use of public funds and the integrity of financial and performance reports.
- 1.7 The Auditor General's mandate, responsibilities and powers are established by the Auditor General Act. The Act provides the Auditor General with the authority to require the provision of any documents needed in the performance of his or her duties. Additionally, public servants must provide free access to all information which the Auditor General requires.
- 1.8 The Auditor General Act stipulates that the Auditor General shall provide an annual report and opinion on the government's financial statements; provide an opinion on the revenue estimates in the government's annual budget address; examine the management, use and control of public funds; and report to the House at least once, and up to three times annually, on the work of the Office.
- 1.9 The Office has a mandate under the Act to audit all parts of the provincial public sector including government departments and all agencies, boards, commissions or other bodies responsible to the crown, such as regional school boards and district health authorities, as well as transfer payment recipients external to the provincial public sector.
- 1.10 In its work, the Office of the Auditor General is guided by, and complies with, the professional standards established by the Canadian Institute of Chartered Accountants, otherwise known as generally accepted auditing standards (GAAS). We also seek guidance from other professional bodies and audit-related best practices in other jurisdictions.

## Chapter Highlights

- 1.11 This Report presents the results of audits and reviews completed in the fall of 2009 and winter of 2010 at a number of departments and agencies. Where appropriate, we make recommendations for improvements to government operations, processes and controls. Department or agency responses have been included in the appropriate chapter. We will follow up on the implementation of our recommendations in two years, with the expectation that significant progress will be made.

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## Performance Audits

### *Chapter 2 – Financial Assistance to Businesses Through NSBI and IEF*

- 1.12 Management of Nova Scotia Business Inc. and the Industrial Expansion Fund refused to provide the information we required to complete our audit. Consequently, we have denied an audit opinion on both organizations' financial and program controls, compliance with legislation, regulations and policies related to loans, payroll rebates, and other financial assistance to business. Files requested by audit staff were withheld until documents which management or Department of Justice solicitors considered to be subject to Cabinet confidentiality or solicitor-client privilege were removed. This practice contravenes the Auditor General Act and we recommended that Cabinet instruct departments and agencies to comply with the Act.

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### *Chapter 3 – Management of Contaminated Sites*

- 1.13 The risks associated with contaminated sites in Nova Scotia are not being adequately managed to protect the public interest. The Department needs to improve its monitoring of contaminated sites to ensure risks to third parties, human health and the environment are being appropriately addressed. The Department is aware of known and possible contaminated sites where the landowner or responsible person was not required to assess and address applicable risks to the public and the environment. We are concerned that there may be sites in the province in which unacceptable risks have not been properly mitigated. We also found there is no process in place to ensure higher-risk sites are given priority when the Department monitors cleanup processes.

### *Chapter 4 – Mental Health Services*

- 1.14 There is inadequate oversight of the mental health system and no effective monitoring of compliance with mental health standards by the Department of Health. The Department is not fulfilling its legislative requirements under the Health Authorities Act to monitor and evaluate the quality of mental health services. Although Nova Scotia adopted mental health standards in 2003, no formal plan was developed to move the mental health system to compliance with standards. We tested compliance with selected mental health standards and found only 14% of 358 files tested met all selected standards. While certain standards were met most of the time in some districts, the overall lack of compliance is concerning and could negatively impact mental health patient care.



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## Follow-up

### *Chapter 5 – Follow-up of 2007 Recommendations*

- 1.15 Only 22 of 82 (27%) of the recommendations made in the June 2007 Report of the Auditor General have been implemented. This is the lowest rate found in any year since we began to track implementation status. Our audit recommendations provide constructive advice to correct weaknesses. We strive to ensure our recommendations are practical and implementable. It is evident from the results of our follow-up of 2007 recommendations that these have not been given priority. We noted that neither the Department of Health's Long-Term Care program nor the Department of Justice's Maintenance Enforcement program have completed any of our 2007 recommendations. We plan to assess the implementation status of outstanding recommendations in each year from 2005 forward, beginning in 2010.