
Follow-up



2 Follow-up of 2005, 2006, 2007 and 2008 Recommendations

Summary

During our audits, we may discover weaknesses in controls protecting government assets or in the efficiency and effectiveness of government systems and processes. Many of these controls, systems and processes help provide important services to Nova Scotians. We provide what we believe are practical and constructive recommendations to address the weaknesses we find. Failure to address these weaknesses in a timely manner increases the risks of financial loss or failure to effectively deliver services.

We have previously followed up on the implementation status of recommendations beginning two years after a report is issued. In June 2010, we also committed to extending our review of outstanding recommendations. This Chapter covers all recommendations made between 2005 and 2008.

Overall, the response from government in implementing recommendations from the four years under review is still not adequate and is not improving significantly. While there is considerable variation among departments and agencies, the overall implementation rate over four years is 52%. We are particularly concerned with the lack of progress by the Departments of Health and Wellness, and Education, in implementing our recommendations. The Department of Health and Wellness has implemented only 36% of our 2005 to 2008 recommendations. The Department of Education has implemented 14% and is essentially ignoring our recommendations. In contrast, the implementation rate for the Department Community Services is 75%.

We have recommended in this Chapter that government's Audit Committee monitor the implementation status of our recommendations and report the results of this monitoring process to the House of Assembly. We have further recommended that this Committee actively promote implementation of our recommendations, with a goal of achieving substantively full implementation within four years. We believe these recommendations promote greater responsibility for implementation results and will thereby increase the implementation rate of departments and agencies.

We performed a review of the self-assessments provided by management and can state that nothing has come to our attention to cause us to believe the representations made by government management are not complete, accurate and reliable. Details of all recommendations made from 2005 to 2008, along with their current status, can be found on our website at oag-ns.ca.



2 Follow-up of 2005, 2006, 2007 and 2008 Recommendations

FOLLOW-UP OF 2005,
2006, 2007 AND 2008
RECOMMENDATIONS

Background

- 2.1 Our Office's strategic priorities include serving the House of Assembly, considering the public interest, and improving government performance. We work toward these priorities by providing legislators with information they need to hold government and the public service accountable. We obtain this information primarily by conducting audits which, over time, will cover major activities of government. The results of our audits are detailed in our Reports to the House of Assembly. Each Report contains recommendations which we believe provide practical, constructive advice to address issues raised by the audits.
- 2.2 Our reports have included formal recommendations since 2002. We follow up on the implementation status of these recommendations after two years. We believe two years is sufficient time for auditees to address our recommendations. In our June 2010 Report, we informed the Legislature that we planned to assess the implementation status of outstanding recommendations in each year from 2005 forward, beginning in 2010. This Chapter reports how responsive departments and agencies have been in implementing the recommendations resulting from our 2008 audits, as well as outstanding recommendations from our 2005 to 2007 audits.
- 2.3 We requested that government management complete a self-assessment of their progress in implementing each 2008 recommendation as well as outstanding 2005 to 2007 recommendations in Treasury Board's Tracking Auditor General Recommendations (TAGR) system. We also asked management to provide supporting information. Our review process focused on whether self-assessments and information provided by management were accurate, reliable and complete.

Review Objective and Scope

- 2.4 The objective of this assignment was to provide moderate assurance on the implementation status of recommendations from the 2005 to 2008 Reports of the Auditor General. 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 assurance but would have required a significant increase in the resources devoted by the Office of the Auditor General to this follow-up assignment.

- 2.5 In early September 2010, we asked each auditee to document its self-assessment of progress on the implementation of the Office's recommendations recorded in the TAGR system. We asked each auditee to complete the self-assessment by October 15, 2010.
- 2.6 Our review was based on representations by government management which we substantiated through interviews and examination of documentation. Moderate assurance, in the context of this assignment, means performing sufficient work to satisfy us that the implementation status as described by government is plausible in the circumstances. Further information on the difference between high and moderate assurance is available in the *Canadian Institute of Chartered Accountants (CICA) Handbook, Section 5025 – Standards for Assurance Engagements other than Audits of Financial Statements*.
- 2.7 Our criteria were based on qualitative characteristics of information as described in the CICA Handbook. Management representations on implementation status were assessed against three criteria.
- Accurate and neither overstate nor understate progress
 - Reliable and verifiable
 - Complete and adequately disclose progress to date

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Significant Observations

Conclusions and summary of observations

We were able to obtain sufficient support to satisfy our review objective for departments' self-assessments with the exception of one recommendation related to the Department of Health and Wellness. The response from government in implementing our recommendations is not adequate. 52% of the recommendations we made from 2005 to 2008 have been addressed and implemented to date. After two or more years, 41% of our recommendations are in various stages of implementation, and government will take no action on another 6%. Only 1% of our recommendations are no longer appropriate. Government needs to increase its commitment to implementing our recommendations. We have recommended that government's Audit Committee monitor the implementation status of our recommendations and report the results of this monitoring to the House. The Committee should also promote implementation of our recommendations.

- 2.8 *Review results* – We performed a review of the self-assessments and supporting documentation and provide moderate assurance to readers of this Chapter. Nothing came to our attention to cause us to believe that



the representations made by government are not complete, accurate, and reliable, except for the following.

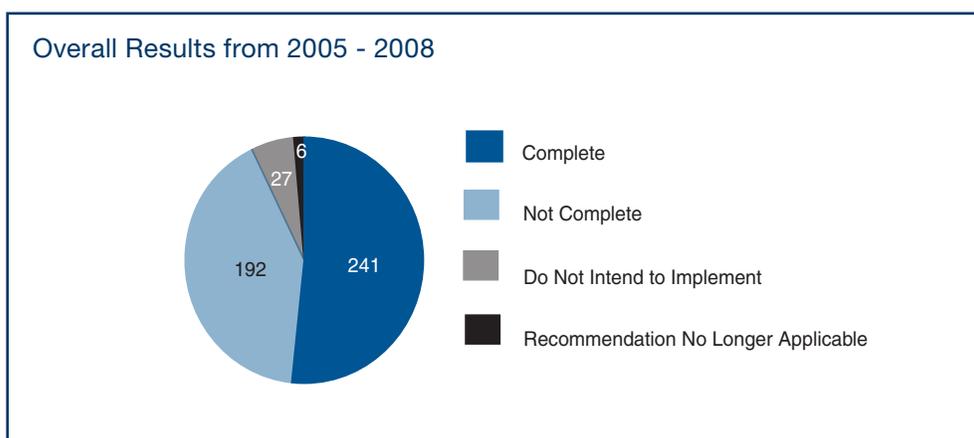
December 2005 Chapter 8 – Sport & Recreation

Recommendation 8.9

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

- 2.9 The Department of Health Promotion and Protection (now Health and Wellness) self-assessed the status of Recommendation 8.9 as “*Complete.*” However, support provided by management indicated that they continue to use a spreadsheet program to track numerous smaller grants. Consequently, we cannot conclude that the status provided is plausible.
- 2.10 During the audit of the various grants provided under the Sport and Recreation program, we noted that a Community Investment Management System (CIMS) software application had been approved for use in tracking grant applications, payments, awards and other details. We understood all grant programs would eventually be included in the CIMS database and made the above recommendation in support of that action. Based on the information we received in conducting this review engagement, we continue to support the recommendation that all grant programs be entered in the CIMS to facilitate tracking and status of Sport and Recreation programs.
- 2.11 Our audits are meant to reflect our strategic priorities, including that we focus our audit efforts on areas of higher risk that impact the lives of Nova Scotians. Our follow-up activity reflects our desire to see improvements made to these areas. However, we emphasize that the work performed during our follow-up assignments is not an audit and therefore we provide only moderate assurance that these recommendations have been implemented. Only during a subsequent audit of the program area can we say with sufficiently high assurance that prior recommendations have been implemented.
- 2.12 *Implementation rate of recommendations* – We are disappointed with the implementation rate of our recommendations. The highest rate of the four years reviewed as part of this year’s follow-up assignment was 60% in 2006; only 40% of the recommendations made in our 2007 Report were implemented. The combined implementation rate of the four reports issued during 2008 is 46%. The results of our previous follow-up activity on 2007 recommendations was 27% and therefore this is an improvement. Nevertheless, more than half of all recommendations remain incomplete. The following exhibits provide a summary of the implementation status in each of the four years and the overall status.

Implementation Status	2005 Reports	2006 Reports	2007 Reports	2008 Reports
Complete	57%	60%	40%	46%
Not Complete	33%	31%	58%	48%
Do Not Intend to Implement	9%	5%	2%	6%
Other	1%	4%	-	-
	100%	100%	100%	100%



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- 2.13 This response from government is not adequate. When we make recommendations as a result of our audits, we seek acknowledgment from departments and agencies that they agree with the recommendations, and whether they intend to implement them. Almost all published responses included in our Reports indicate both agreement and intention to implement. We therefore expect to see implementation rates far above those that have been shown to date and expect to see substantively full implementation within a reasonable period of time.
- 2.14 As time elapses and recommendations fail to be addressed, management is likely to lose track of important issues raised in our audits of programs and services, and changes encouraged by our recommendations may not occur. In addition to missed improvements in existing programs and services as a result of this inaction, government misses the opportunity to incorporate best practices in new or revised programs. Government's failure to correct the deficiencies pointed out in our Reports constitutes poor management practice and poor accountability to the House.
- 2.15 We are particularly concerned with the implementation rates in the Departments of Education, and Health and Wellness. These departments provide oversight of the education and health of Nova Scotians, and administer a combined \$4.9 billion, or 62%, of total departmental expenditures (based on the April 5, 2011 forecast update). The Department of Education's implementation rate from 2005 to 2008 is 14%. The



Department of Health and Wellness's rate over the same period is 36%. We have made comments regarding the nature of the recommendations made to these departments, beginning in paragraph 2.21 below. In general, though, these implementation rates are deficient and need to be improved. The Department of Education is essentially ignoring our recommendations.

- 2.16 In our December 2006 Report (Chapter 7 – Follow-up of 2003 Audit Recommendations) we noted that:

“Government needs to take a direct role and responsibility for coordinating response and actions on matters reported by the Auditor General. Government should regularly provide the House with its plans to deal with recommendations and other matters reported by the Auditor General.”

- 2.17 We were subsequently encouraged when government developed a system Tracking Auditor General Recommendations (TAGR) designed to track the implementation status of our recommendations (see further comments on TAGR in paragraph 2.19 below). Oversight of the TAGR system is provided by a steering committee which consists of senior management of the Department of Finance, Treasury Board and the Office of Priorities and Planning. TAGR results are also sometimes reviewed by the government's Audit Committee; a Committee consisting of deputy ministers from several departments and chaired by the Deputy Minister of Treasury Board.
- 2.18 The process for ensuring that the status of recommendations is entered in TAGR does not include responsibility for implementation. We believe this lack of responsibility has contributed to the poor implementation results. In the private sector, it is a best practice that entities' boards of directors ensure recommendations from their external auditors are implemented on a timely basis. We believe that government's Audit Committee should assume this responsibility. The implementation status of our recommendations should be a recurring item on the Committee's agenda, and results should be reported to the House of Assembly.

Recommendation 2.1

The Audit Committee should monitor the implementation status of Auditor General recommendations and report the results of this monitoring process to the House of Assembly.

Recommendation 2.2

The Audit Committee should actively promote implementation of Auditor General recommendations and target substantively full implementation within four years of their release.



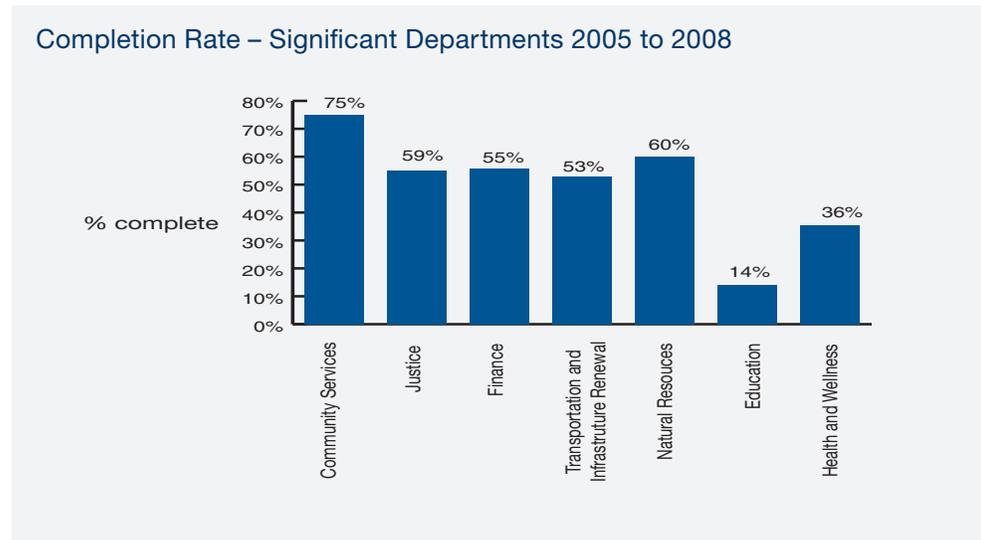
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- 2.19 This was the first year we extended our review of the implementation status of recommendations from those made two years previously to include those made from 2005 to 2008. This continuous monitoring of implementation status is consistent with our objective of holding government and the public service accountable. As a result of this year's assignment, we have decided that our follow-up work in future will continue to focus on recommendations made in audits conducted two years prior. In addition, we will also follow up on earlier outstanding recommendations. We will determine the time frame to capture in this additional follow-up work on an annual basis.
- 2.20 We reported in our April 2009 and June 2010 reports that TAGR information was both incomplete and inaccurate. Not all recommendations were included in the system, and the status reported on several of the recommendations did not agree with the status as provided by certain departments and reported in our follow-up assignment results. We are aware that TAGR was updated recently in connection with our assignment, and not as part of ongoing monitoring. We suggest that if the Audit Committee intends to use TAGR as a tool in monitoring implementation, and as a means to implement recommendation 2.1 above, TAGR should be complete and accurate.

FOLLOW-UP OF 2005,
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Recommendation 2.3

The Tracking Auditor General Recommendation system (TAGR) should be updated to ensure it is accurate and complete.

- 2.21 *Implementation results by department* – The departmental results provide an indication of which departments have made it a priority to address our recommendations. Of the departments in which we have conducted a significant number of audits, or to which we have made a significant number of recommendations to the department or their agencies, the Department of Community Services has the highest implementation rate at 75%, while the Department of Education has the lowest rate at 14%.



2.22 *Department of Health and Wellness* – As noted above, the Department of Health and Wellness has implemented only 36 (36%) of the 101 recommendations addressed to it or previous departments now combined with it between 2005 and 2008. Audits conducted at the Department of Health and Wellness during this period varied from assignments conducted at specific district health authorities to others related to programs delivered through the Department itself.

2.23 In December 2006, we conducted a review of the systems at both the Department and at the district health authorities to collect wait time information. Accurate and complete information on wait times is essential to managing the wait list. Only seven of the 13 recommendations have been implemented to date, with two recommendations no longer requiring action. This is an increase of only one completed recommendation from our first follow-up assignment on these recommendations, which we conducted in 2009. Wait time management and the resources allocated to this matter are significant issues in the health of Nova Scotians, particularly in light of our aging population.

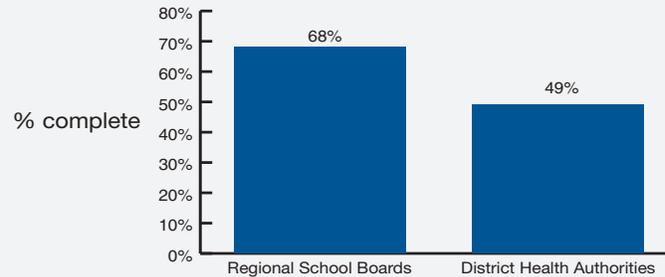
2.24 Another significant program funded by the Department is long term care. We conducted an audit of aspects of this program in June 2007 and made several recommendations regarding accountability of service providers and placement decisions. While we understand from the results of our current audit (Chapter 5 – Long Term Care – New and Replacement Facilities) that some improvements have been incorporated into contracts with service providers for new facilities, none of the recommendations related to service providers in existing facilities has been fully implemented. In addition, the recommendations related to placement decisions have not been implemented. This response is insufficient for a program as significant as long term care.



- 2.25 *Department of Education* – Recommendations included in our reports on Education are primarily applicable to the school boards. Only 21 of 78 recommendations made between 2005 and 2008 applied specifically to the Department of Education, with the remaining 57 applied to the school boards. The Department has implemented three recommendations while 13 are in progress; one recommendation is no longer applicable, and they do not intend to implement the remaining four. The Department's implementation rate of 14% is the lowest of all departments.
- 2.26 The Department of Education has not made any further progress in addressing the recommendations from our June 2005 Chapter on Special Education since we first followed up in late 2007. Our recommendations focused on accountability and funding arrangements, including the need for the Department to provide additional guidance to school boards regarding accounting for special education costs. The recommendation was made to promote consistency among the boards related to these costs, which in turn provides the Department with a more accurate assessment of costs related to special education. During our first follow-up, we reported that two recommendations were in the planning stage, two were work in progress, and the Department did not intend to implement one recommendation. The implementation status of the remaining four recommendations has not changed in two years.
- 2.27 We provided our draft comments to senior management of the Department of Education. They noted several recommendations in our summary table beginning on page 20 are nearly fully implemented with only minor items to address. Department of Education senior management has also indicated they will make it a priority to address our recommendations.
- 2.28 *Implementation results by agencies* – District health authorities (DHAs) and regional school boards (which, for purposes of this Chapter, include the Conseil scolaire acadien provincial (CSAP) and the Atlantic Provinces Special Education Authority (APSEA)), deliver significant health and education programs in the province. Several of our audits of programs administered by the Departments of Health and Wellness, and Education, from 2005 to 2008 have included audits of aspects of program delivery at these DHAs and school boards, respectively. The implementation status of the recommendations made specifically to those entities is noted in the following exhibit.

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Completion Rate – Agencies 2005 to 2008



2.29 *Regional school boards* – The implementation rate for recommendations applicable to the regional school boards is 68%. The rate is not reflective of recent results, and is mostly due to a lack of improvement in implementing recommendations made in 2006. In that year, we conducted an audit at the Atlantic Provinces Special Education Authority. To date, 62% of the recommendations have been implemented, an improvement of only 22% since our first follow-up conducted in 2008. Similarly, CSAP has only implemented 43% of the recommendations made from an audit conducted in 2006. These poor results offset the more robust implementation rates of the Strait Regional School Board (10 of 11 applicable recommendations have been implemented from our June 2006 audit) and more recently, 78% by the South Shore Regional School Board from our February 2008 audit. We are encouraged by the priority our recommendations have been given by these boards, and would like to see other boards address recommendations on a more timely basis.

2.30 *District health authorities* – The implementation rate of our recommendations to district health authorities from 2005 to 2008 is 49%. We conducted audits in 2006 at three DHAs and have noted a marginal improvement (from 40% to 55%) in the progress of implementing the recommendations from these audits from our first follow-up conducted in 2008. Similarly, there has been essentially no change in the implementation rate of the recommendations to two DHAs resulting from our June 2007 audit of the management of diagnostic imaging equipment.

2.31 *Department of Finance* – Nearly every Report includes at least one Chapter related to financial reporting or controls. Consequently, there are 60 recommendations made to the Department of Finance from 2005 to 2008, including 27 in 2008 alone.

2.32 The Department of Finance has improved its implementation rate since our last follow-up assignment, but improvement is still needed. When we first

followed up on 2005 recommendations in 2008, we noted that only 15% (five of 33) of our recommendations had been implemented. This has improved to an implementation rate of 57% (13 of 23) found in this year's follow-up work. Similarly, the implementation status of the recommendations made in 2006 has improved from 23% reported in 2009 to a current rate of 67%. In addition, one of our long outstanding recommendations, made in several reports and related to the need to document and assess internal controls, has progressed from the planning stage to work in progress as government moves forward with its project on internal controls over financial reporting.

- 2.33 There is, however, one recommendation which has been made since 2006 which government has indicated it does not intend to implement. It was the sole recommendation made in 2007. Despite government's reported intention not to implement, we will continue to recommend that the Revenue Estimates be prepared on a gross basis and include the revenues of agencies in the consolidated entity. These revenues are included as part of the Budget Address and we provide an opinion as to their reasonableness. Because the actual results at March 31 each year are presented on a gross basis, generally accepted accounting principles require the budget to also be prepared on a gross basis. For this reason, our opinion on the Revenue Estimates is qualified each year. We do not consider it appropriate that an accountability document – the budget – includes a qualification. We will continue to recommend that government revise its presentation of the Revenue Estimates.
- 2.34 *Department of Justice* – Chapter 5 in our June 2010 Report noted our concerns with the lack of progress in implementing recommendations resulting from our 2007 audit of the Maintenance Enforcement Program. None of the 19 recommendations made had been fully implemented. During this year's assignment, we noted a significant improvement in the implementation rate of these recommendations; nine of the 19 recommendations have now been fully implemented. We urge the Department to complete the implementation of the remaining recommendations on a timely basis.
- 2.35 *Department of Community Services* – The implementation rate of recommendations made to the Department of Community Services is 75%, with an 80% rate in 2006. These implementation rates are the highest among departments to which a significant number of recommendations have been made. We encourage the Department to strive for a significant rate each year, and on a timely basis.
- 2.36 *Department of Environment* – In Chapter 3 of our February 2008 Report, we made seven recommendations to the Department of Environment regarding the Environmental Monitoring and Compliance Division. The Department has fully implemented five recommendations, while two



remain in progress. The Department retained the services of the Internal Audit Centre to review specific solutions they had implemented to five of the seven recommendations, and form an opinion as to whether the specific solutions were effective in helping to address our recommendations. We commend the Department for their initiative and interest in addressing our recommendations on a timely basis.

2.37 *Other departments and agencies* – The overall implementation rate of departments and agencies is 52%. The majority (63%) of recommendations made to this remaining group relate to audits conducted in 2008; this is our first follow-up assignment on their status. In total, 19 of the 40 (48%) recommendations made in 2008 have been implemented. We are hopeful the remainder will be fully implemented by our next review.

Report and Chapter	Entity	Complete	Not Complete	Do Not Intend to Implement	No Longer Applicable	Total
Department of Health and Wellness						
June 2005						
Chapter 6: Nova Scotia Hospital Information System Project	DHW		1			1
December 2005						
Chapter 8: Sport and Recreation Program Area	DHW	9				9
June 2006						
Chapter 9: District Health Authorities	DHW		2			2
Chapter 10: Payments to Physicians	DHW	2	3	1		6
December 2006						
Chapter 4: Review of Systems to Collect Wait Time Information	DHW	7	4		*2	13
June 2007						
Chapter 2: Management of Diagnostic Imaging Equipment	DHW		5			5
Chapter 3: Emergency Health Services	DHW	4	6			10
Chapter 4: Long-term Care - Nursing Homes and Homes for the Aged	DHW		8			8
February 2008						
Chapter 4: Communicable Disease Prevention and Control	DHW	11	8			19

* includes 1 recommendation classified as "other" in our April 2009 Report



Report and Chapter	Entity	Complete	Not Complete	Do Not Intend to Implement	No Longer Applicable	Total
November 2008						
Chapter 4: Home Care	DHW	3	25			28
Department of Health and Wellness Recommendations		36	62	1	2	101
		36%	61%	1%	2%	
District Health Authorities						
June 2006						
Chapter 9: District Health Authorities	CHA	4	2		1	7
Chapter 9: District Health Authorities	PCHA	3	4			7
Chapter 9: District Health Authorities	CEHHA	4	2			6
June 2007						
Chapter 2: Management of Diagnostic Imaging Equipment	CDHA	6	7			13
Chapter 2: Management of Diagnostic Imaging Equipment	CBDHA	5	7			12
District Health Authorities Recommendations		22	22		1	45
		49%	49%		2%	
Department of Education						
June 2005						
Chapter 4: Special Education	DOE		4	1		5
December 2005						
Chapter 7: Student Assistance	DOE	3	5	1		9
June 2006						
Chapter 6: Atlantic Provinces Special Education Authority	DOE		1		1	2
Chapter 7: Conseil Scolaire Acadien Provincial	DOE		1			1
Chapter 8: Strait Regional School Board	DOE		2	2		4
Department of Education Recommendations		3	13	4	1	21
		14%	62%	19%	5%	
Regional School Boards						
June 2005						
Chapter 4: Special Education	AVRSB	1	3			4
Chapter 4: Special Education	CCRSB	3		1		4

FOLLOW-UP OF 2005, 2006, 2007 AND 2008 RECOMMENDATIONS



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Report and Chapter	Entity	Complete	Not Complete	Do Not Intend to Implement	No Longer Applicable	Total
June 2006						
Chapter 6: Atlantic Provinces Special Education Authority	APSEA	8	5			13
Chapter 7: Conseil scolaire acadien provincial	CSAP	3	3		1	7
Chapter 8: Strait Regional School Board	SRSB	10	1			11
February 2008						
Chapter 2: South Shore Regional School Board	SSRSB	14	4			18
Regional School Boards Recommendations		39 68%	16 28%	1 2%	1 2%	57
Department of Natural Resources						
June 2005						
Chapter 8: Fleet Management	DNR	11	7	2		20
June 2006						
Chapter 11: Sustainable Timber Supply	DNR	7	3			10
Department of Natural Resources Recommendations		18 60%	10 33%	2 7%		30
Department of Transportation and Infrastructure Renewal						
June 2005						
Chapter 8: Fleet Management	TIR	7	6	1		14
December 2006						
Chapter 6: Planning and Management of Highway Projects	TIR	3	2			5
Department of Transportation and Infrastructure Renewal Recommendations		10 53%	8 42%	1 5%		19
Department of Finance						
June 2005						
Chapter 2: Government Financial Reporting	DOF	5		2		7
Chapter 3: Government Systems and Controls	DOF	1				1
December 2005						
Chapter 2: Government Financial Reporting	DOF	2	5	3		10
Chapter 3: Consulting Contracts and Service Arrangements	DOF	5				5



Report and Chapter	Entity	Complete	Not Complete	Do Not Intend to Implement	No Longer Applicable	Total
June 2006						
Chapter 2: Government Financial Reporting	DOF	1		1		2
Chapter 3: Government Systems and Controls	DOF	2	1	1		4
December 2006						
Chapter 2: Government Financial Reporting	DOF	3				3
June 2007						
Chapter 7: Government Financial Reporting	DOF			1		1
February 2008						
Chapter 6: Government Financial Reporting	DOF	3		1		4
November 2008						
Chapter 2: Payments to Vendors	DOF	8	3	2		13
Chapter 7: Government Financial Reporting	DOF	3	4	3		10
Department of Finance Recommendations		33	13	14		60
		55%	22%	23%		
Department of Justice						
December 2005						
Chapter 4: Electronic Information Security and Privacy Protection	DOJ	5	3			8
December 2006						
Chapter 5: Correctional Services	DOJ	6	1			7
June 2007						
Chapter 5: Maintenance Enforcement Program	DOJ	9	9	1		19
Department of Justice Recommendations		20	13	1		34
		59%	38%	3%		
Department of Community Services						
December 2005						
Chapter 6: Income Assistance and Child Care Centres	DCS	10	2			12
June 2006						
Chapter 4: Information Technology and Financial Controls	DCS	8	1	1		10

FOLLOW-UP OF 2005, 2006, 2007 AND 2008 RECOMMENDATIONS



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RECOMMENDATIONS

Report and Chapter	Entity	Complete	Not Complete	Do Not Intend to Implement	No Longer Applicable	Total
June 2007						
Chapter 6: Regional Housing Authorities	DCS	3	3			6
Chapter 6: Regional Housing Authorities	MRHA	3	1			4
Chapter 6: Regional Housing Authorities	CBIHA	3	1			4
Department of Community Services Recommendations		27	8	1		36
		75%	22%	3%		
Other Departments and Agencies						
Treasury Board						
December 2005						
Chapter 3: Consulting Contracts and Service Agreements		3				3
Internal Audit Centre						
November 2008						
Chapter 3: Internal Audit		4		1		5
Nova Scotia Community College						
November 2008						
Chapter 3: Internal Audit		3	1			4
Department of Environment						
February 2008						
Chapter 3: Environmental Monitoring and Compliance		5	2			7
Nova Scotia Liquor Corporation						
November 2008						
Chapter 3: Internal Audit		2	1			3
Nova Scotia Pension Agency						
June 2005						
Chapter 5: Pension Administration System (PenFax)		5	3		1	9
Economic and Rural Development and Tourism (formerly Office of Economic Development)						
June 2005						
Government Systems and Controls		1				1
December 2005						
Chapter 3: Consulting Contracts and Service Agreements		1	3			4
June 2006						
Chapter 5: Nova Scotia Research and Innovation Trust		3				3
Sub-total		5	3			8



Report and Chapter	Entity	Complete	Not Complete	Do Not Intend to Implement	No Longer Applicable	Total
Public Service Commission						
December 2005						
Chapter 3: Consulting Contracts and Service Agreements		1				1
December 2006						
Chapter 3: Audit of HR Application Controls in SAP R/3 System			1			1
Sub-total		1	1			2
Labour and Advanced Education						
November 2008						
Chapter 5: Pension Regulations		2	2	1		5
Chief Information Office						
February 2008						
Chapter 5: Governance of Information Technology Operations		2	5			7
Utility and Review Board						
November 2008						
Chapter 6: Public Passenger Vehicle Safety		1	6			7
Office of Immigration						
June 2008 Special						
Phase 1: Economic Stream of the Nova Scotia Nominee Program			1			1
October 2008 Special						
Phase 2: Economic Stream of the Nova Scotia Nominee Program			1			1
Sub-total			2			2
Communities, Culture and Heritage						
December 2005						
Chapter 3: Consulting Contracts and Service Agreements			1			1
Other Departments and Agencies Recommendations		33 52%	27 44%	2 3%	1 1%	63
Total Recommendations		241 52%	192 41%	27 6%	6 1%	466

FOLLOW-UP OF 2005,
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RECOMMENDATIONS

Response: Executive Council

Recommendation 2.1

The Audit Committee should monitor the implementation status of Auditor General recommendations and report the results of this monitoring process to the House of Assembly.

Response: The Deputy Minister's Audit Committee serves an internal audit role, and these audits provide oversight to the Audit Committee and serve the management of departments in helping them assess and improve their operations. They also sometimes identify issues in one department that may have application in others and this information should be shared, or suggest a change to policy, and the Committee would facilitate this.

Although the Auditor General audits serve an entirely different purpose, they too will sometimes serve the same purpose as internal audits, and I therefore agree the Audit Committee should monitor the implementation status of Auditor General recommendations, and in fact they reviewed the update provided to the Auditor General for this report.

I do not agree that the Audit Committee should report to the House of Assembly. The Civil Service is accountable to Government, and Government to the House of Assembly. It is not appropriate for a DM Committee to report directly to the House. In addition, the House of Assembly currently receives this information from the Auditor General.

Recommendation 2.2

The Audit Committee should actively promote implementation of Auditor General recommendations and target substantively full implementation within four years of their release.

Response: The purpose of The Deputy Ministers' Audit Committee is to support Internal Audit as an independent and objective assurance and consulting function established by the Province of Nova Scotia to add value and improve operations. Certainly, the committee would promote any recommendations that improved operations. Commencing with the May 2011 meeting, the Audit Committee will be expanded to include all Deputies, so discussion of recommendations will also serve to promote recommendations.

I do not agree with a fixed timeline for full implementation. Recommendations have to be evaluated for the risks associated with the underlying issue and prioritized against other recommendations, and issues identified through other processes. In addition, we don't have, nor should we ever have, infinite resources. Resources to implement recommendations have to be balanced with the demand for resources for other priorities.

Recommendation 2.3

The Tracking Auditor General Recommendation system (TAGR) should be updated to ensure it is accurate and complete.

Response: Agree.

RESPONSE:
EXECUTIVE
COUNCIL