



Office of the Auditor General

Auditor General's Statement to the Media

Release of November 2013 Report to the Nova Scotia House of Assembly

11/20/2013

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

Late yesterday, I tabled my Fall 2013 Report with the Speaker of the House of Assembly, for distribution to the Members of the House this morning. The report provides the results of four performance audits completed by my Office in the latter half of this year.

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

I also want to thank management and staff in the departments we audited. Their cooperation is essential to our work.

The report I am releasing today contains performance audits of security related to IT assets; financial assistance programs for businesses; public health information, or surveillance; and occupational health and safety. I will briefly outline the key findings of each audit and then take your questions.

Our audit of processes to dispose of IT assets focused on a sample of departments; namely Health and Wellness, Justice, and Community Services, selected because their computers are at greater risk of holding information that could be damaging if it fell into the wrong hands. The audit also took us to the Department of Transportation and Infrastructure Renewal and the Chief Information Office, the two areas with overall responsibilities for capital assets and IT security, respectively.

Measures such as data encryption, careful tracking of IT assets and secure wiping of hard drives before disposal or reuse can significantly reduce the risk of disclosure of personal or sensitive information. These are the areas we examined.

Government computers are not configured to encrypt data. This means it can be read by anyone who gains access to it.

The government's inventory and tracking of its IT assets is not well-managed, and there is confusion over who is responsible for this. No complete inventory of computers exists and departmental inventories don't match up with their physical assets. During the course of our audit, we had considerable difficulty finding four computers listed on the inventory, and never did find a fifth.

The process to wipe hard drives when disposing of surplus computers is flawed. There is no system to validate that computers are securely wiped, and the software used to wipe hard drives is not meant for enterprise use.

Most discarded computers are sent to the Computers for Schools program. We discovered five computers approved for reuse that were not wiped, one of which contained sensitive and personal information.

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We have offered 14 recommendations which will improve data security.

Our audit of business funding programs in the Department of Economic and Rural Development and Tourism found the programs continue to be poorly managed. As a result, protection of taxpayers' money is inadequate and the economic benefits of these programs are uncertain.

The Nova Scotia Jobs Fund still has many of the same deficiencies as its predecessor, the Industrial Expansion Fund. Other than a new name, there have been few substantive changes in how the Province manages its largest economic development fund, since our last audit in 2011.

We concluded that significant changes are needed to ensure transparency and accountability for taxpayers' dollars spent by the Department of Economic and Rural Development and Tourism.

Since its inception in 2011, \$611 million has been approved from the Jobs Fund. As of September 1st, 2013, \$183 million of this had been disbursed.

There were deficiencies in all 10 of the Jobs Fund files we tested. After our 2011 audit of the Industrial Expansion Fund, the Department did develop a process guide for the new Jobs Fund, but those guidelines are not regularly followed.

Files are consistently missing key components such as funding applications and supporting documents, financial analyses, and analyses of economic benefit. The information in the files is not always consistent with information sent to Cabinet for approval.

We questioned whether any of this work should remain with the Department.

The Strategic Funding Initiatives program also had significant deficiencies. None of the seven projects we tested met program eligibility criteria, yet all received Ministerial approval. Some projects were approved without a proposal; assessments were inconsistent; and, although Strategic Funding is explicitly one-time funding, during our audit period, one applicant was approved six times for a total of more than \$239,000. The department also does not follow up to ensure that funded projects are completed, and funds actually are used as intended.

Our audit of public health surveillance at the Department of Health and Wellness found that, in spite of improvements made in recent years, the province's surveillance system is still not adequate for the public health needs of Nova Scotians.

Surveillance is the collection, analysis, interpretation and reporting of information that is central to the public health mandate. A modern surveillance system should help protect people in case of an infectious disease outbreak and provide information that will help improve overall population health in the long term. Changes are needed before Nova Scotia's system can achieve those objectives.

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A 2006 departmental report concluded that public health information systems at that time were inefficient. Since then, progress in addressing the issues identified has been slow. The province joined a national project called Panorama which was intended to provide an electronic public health surveillance system. In 2010, after spending \$1.3 million on it, the province withdrew from the project due to financial pressures and delays at the national level. To date, no substantive progress has been made towards a new system and the Department tells us they are at least two years away from securing funding for system improvements.

Nova Scotia has a patch-work of public health information systems. Capital Health uses free software that was originally developed for infectious disease management in developing nations. Another key IT system is obsolete. Districts often rely on paper files. The delays created by reliance on paper files were cited as a problem in Ontario's public health system during the 2003 SARS outbreak. It is unclear how Nova Scotia's piecemeal system would respond to a similar emergency.

The final chapter in the report examined the work of the occupational health and safety division in the Department of Labour and Advanced Education. We found the division conducts adequate investigations into serious workplace accidents, but the Department should focus more on prevention by better enforcing compliance with work orders and targeting high-risk workplaces for more frequent inspection. In 2012-13, only 27 of the 100 workplaces with the highest risk rating were inspected.

Inspection practices are not consistent among inspectors and it is not clear whether they always cover all the major workplace risks. When orders are issued for workplace safety corrections, they are not always complied with in the required time frame, and there is insufficient follow up to be certain the required improvements are eventually made.

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