



Nova Scotia

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AUDITOR GENERAL – November 2013 Report Released

The Nova Scotia Jobs Fund still has many of the same deficiencies as its predecessor, the Industrial Expansion Fund, Auditor General Jacques Lapointe said in his report released today, November 20.

“Other than a new name there are few substantive changes in how the Province manages its largest economic development fund from our last audit in 2011,” Mr. Lapointe said as he released his fall report.

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

Mr. Lapointe tested 10 Jobs Fund files totaling more than \$500 million in approved assistance and found deficiencies in every file. Examples included unsecured loans; loans approved without any financial assessment; and a lack of financial statements from applicants. In some instances, employment and salary targets in final agreements were lower than those used to assess the project’s economic benefits for the province. The auditor general also said incomplete or inaccurate information was provided to cabinet where funding decisions were ultimately made.

Since its inception in 2011, \$611 million has been approved from the Jobs Fund and as of September 1, \$183 million had been disbursed. After a 2011 audit of the Industrial Expansion Fund, the department developed a process guide for the new Jobs Fund, but those guidelines are not regularly followed.

In another program, the Strategic Funding Initiatives, none of the seven projects the auditor general tested met program eligibility criteria, but all were approved for funding. For five of seven projects tested, the department did not know whether the projects were completed or if the money was spent as intended.

An audit of the Department of Labour and Advanced Education’s occupational health and safety division found the division conducts adequate investigations into serious workplace incidents. However, the

department needs to focus more on prevention. Workplace inspection practices were not consistent among inspectors and it was not clear whether occupational health and safety inspections covered all safety risks.

The auditor general said the department does not consistently follow up to verify that health and safety orders are complied with. “In half the orders we tested there was no evidence that workplace safety deficiencies had been corrected,” Mr. Lapointe said. “Inspectors can also use discretion in setting compliance deadlines; there are no standard time frames.”

The department needs to target high-risk workplaces for inspection; only 27 percent of the highest-risk workplaces were inspected from April 2012 to March 2013. “Failure to identify and inspect riskier workplaces limits the effectiveness of the program as a deterrent,” Mr. Lapointe said.

The auditor general found weaknesses in the disposal of government’s information technology assets and the protection of the data on those assets.

He said the government’s inventory and tracking of its IT assets is not well managed, and there is confusion over whose responsibility it is. In addition, the process to wipe computers clean of information before they are reused is flawed. “Seventy percent of the inventory records we tested did not indicate whether IT devices were securely wiped,” Mr. Lapointe said “and we found five computers which should have had their hard drives wiped but still contained information that was easily readable, including sensitive and personally identifying information.”

The audit also identified that information on government computers generally is not encrypted. “The risk of disclosure of personal or sensitive information can be significantly reduced by applying multiple layers of protection, such as encryption, inventorying and secure disposal. That way, if one system or layer fails, there are additional safeguards in place.”

On another audit, Mr. Lapointe said Nova Scotia’s public health surveillance system is not adequate to meet the needs of Nova Scotians.

Surveillance refers to data collection, analysis and reporting to help protect people from infectious disease outbreaks and improve overall population health in the long term.

“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. Paper files are commonly used. The delays created by reliance on paper files were cited as a problem in Ontario’s public health system during the 2003 SARS outbreak,” the auditor general said, adding, “it is unclear how Nova Scotia’s system would respond to a similar emergency.”

Mr. Lapointe said that progress in making improvements has been slow. For example, an electronic immunization registry recommended in 2008 has not been started.

The 97-page report contains 70 recommendations to government. The full report is available at www.oag-ns.ca.

FOR BROADCAST USE:

In his fall report, Auditor General Jacques Lapointe said government funding for economic development continues to be poorly managed.

Nova Scotia’s auditor general said other than a new name, there were few improvements in how the Province manages its largest economic development fund. His audit concludes that immediate and significant changes are needed to ensure transparency and accountability for taxpayers’ dollars.

The report notes that occupational health and safety conducts adequate investigations into serious workplace incidents, but Mr. Lapointe said Labour and Advanced Education needs to focus on prevention by enforcing compliance with workplace safety orders and targeting higher-risk workplaces for more frequent inspection.

The report identifies weaknesses in government’s management of IT assets and protection of data. The auditor general said government departments did not know whether computers and other devices were securely wiped before they were disposed of, and he found five computers which should have been wiped but still contained data, some of it of a sensitive nature.

The report also criticizes the Department of Health and Wellness for its slow progress in developing an adequate information system for public health surveillance to replace the patch-work system currently in place.

The 97-page fall report contains 70 recommendations to government. The full report is available on the auditor general's website.

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