



Office of the Auditor General

Nova Scotia

1888 Brunswick Street, Suite 302
Halifax, Nova Scotia
B3J 3J8 Canada

902-424-5907 tel
902-424-4350 fax
www.oag-ns.ca

AUDITOR GENERAL--May 2014 Report Released

Government is taking too long to correct known deficiencies in its programs, acting Auditor General Alan Horgan said in his May report released today, May 21.

"Only 50 per cent of the performance audit recommendations we made in 2010 and 2011 have been implemented," said Mr. Horgan. He also said the public accounts committee will begin formally endorsing his recommendations and ask the government's audit committee to oversee implementation. He noted he is hopeful that this will help improve results.

Mr. Horgan identified concerns with the public drinking water supply program. The acting auditor general said there are differences in how inspectors carry out their audit work and not all deficiencies are recorded or revisited to ensure concerns have been addressed.

"Guidance for inspectors is limited in certain key areas," said Mr. Horgan. "Some inspectors do not examine supporting documentation to verify that issues have been addressed."

The Department of Environment is also not using its IT system to its potential in managing the public drinking water supply program. Improvements could be made to help better identify risks to safe drinking water.

An audit of the public school system's student information system identified critical weaknesses. "My office's IT audit team was able to gain unauthorized access to the iNSchool system and view confidential information such as student grades, addresses and health issues," said Mr. Horgan. He also noted the Department of Education and Early Childhood Development has corrected the weaknesses his office used to gain access.

"Our audit found a number of appropriate controls in the system, and I believe the department and the school boards used reasonable processes in the design, procurement and implementation of the iNSchool system." The acting auditor general found the Department of Health and Wellness is doing a poor job of monitoring certain types of payments to physicians. "The department does not know whether physicians receiving payments under the academic funding plan and alternative payment plan are meeting all their contract requirements," said Mr. Horgan.

Health and Wellness contracts with an external company to audit payments to physicians. But the acting auditor general found the department requests too few audits of academic funding and alternative payment arrangements. Mr. Horgan also said that when issues are identified, the department does not follow these up in a timely manner.

On another audit, Mr. Horgan said Communications Nova Scotia's advertising and other communications are generally non-partisan. But he identified serious deficiencies in how the agency manages procurement. "The majority of the procurements we tested had issues," the auditor general said. "Communications Nova Scotia needs to pay closer attention to procurement rules and do a better job of following those rules."

Another audit identified concerns with managing mineral resources by the Department of Natural Resources. Security collected to ensure operators clean up their mine sites may not be sufficient and the department does not regularly update its clean-up estimates.

Ensuring the collection and accuracy of royalty payments for mined minerals also need work. The acting auditor general found payments were not always calculated correctly.

The 113-page report contains 71 recommendations to government.

The full report is available at www.oag-ns.ca.

FOR BROADCAST USE:

In his May report, acting Auditor General Alan Horgan says government is not acting quickly enough to implement his office's recommendations. Only 50 per cent of 2010 and 2011 recommendations have been completed.

The report notes there are gaps in procedures to ensure the safety of public drinking water. There are differences in how inspectors carry out their audit work and not all deficiencies are recorded or revisited to ensure concerns have been addressed.

The report also says there were critical security weaknesses in the province's iNSchool student information system. These weaknesses meant that confidential student data was at increased risk of inappropriate access. The Department of Education and Early Childhood Development corrected these weaknesses before the auditor general's report was released.

Health and Wellness is not doing a good job of monitoring its academic funding and alternative payment contracts with physicians. The department is not doing enough to ensure contract requirements are met and when concerns are identified, it does not address issues in a timely manner.

Although Communications Nova Scotia's advertising and other communications were found to be non-partisan, the agency needs to follow the province's procurement rules. The majority of procurements the auditor general tested had issues.

The report also criticizes management of mineral resources. The Department of Natural Resources needs to improve its practices. The department should ensure it collects sufficient security to ensure developers clean up their mine sites. It should also verify that mine operators are submitting the correct amounts for royalty payments.

The 113-page fall report contains 71 recommendations to government. The full report is available on the auditor general's website.

-30-

Media Contact: Alan Horgan
Acting Auditor General
902-424-4108
E-mail: horganad@gov.ns.ca