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Office of the Auditor General

Nova Scotia

AUDITOR GENERAL – July 14, 2020 Report of the Auditor General

Auditor General Michael A. Pickup issued a 2020 performance audit report today, July 14. The audit is phase two of the Auditor General's examination of initial planning decisions for the Halifax Infirmary Expansion and the Bayers Lake Community Outpatient Centre components of the QEII New Generation Project. The audit focused on the analysis performed to select a project delivery model and to develop the master plan for the Project, as well as following up on the recommendations from the Auditor General's December 2019 report on the governance structure and procurement of consultants for the Project.

The key conclusions are:

- Transportation and Infrastructure Renewal completed a reasonable and appropriate analysis to select a project delivery model.
- Transportation and Infrastructure Renewal and the Nova Scotia Health Authority used a reasonable and documented methodology to develop a master plan for the Halifax Infirmary Expansion and the Community Outpatient Centre.
- Transportation and Infrastructure Renewal made significant progress in completing the December 2019 recommendations.

The audit found the selection of a design-build-finance-maintain option to deliver the Project followed an established methodology which included an assessment of numerous traditional and public-private partnership options, a comprehensive financial analysis, and strategies to address common biases found in this kind of decision. Overall, the government's analysis concluded the design-build-finance-maintain option was significantly better than a traditional approach.

Functional programming determined the number of beds, exam rooms, and procedure rooms required to meet the projected future demand for services at the new facilities. This information was used to develop a master plan for the Project which provided an overview of the location of the new buildings as well as the location of departments within the buildings. Throughout this process, there was extensive consultation with key stakeholders within the Nova Scotia Health Authority.

"It is positive that the selection of the project delivery model and development of the master plan were completed appropriately. It is now incumbent on project leadership to ensure that strong oversight continues as the Project moves from the early planning stages through to construction and completion. Significant milestones remain, meaning strong oversight by government will play a vital role to the success of the Project," said Mr. Pickup.

The audit also found that Transportation and Infrastructure Renewal had completed two of five recommendations from the Auditor General's December 2019 report, and progress had been made towards completing two other recommendations. The final recommendation was not reviewed as it related to future phases of the Project and could not have been acted upon yet.

The report included three recommendations to help ensure the design-build-finance-maintain option remains the best approach to deliver the Project, as well as ensure the master planning and final design of the facilities reflects the requirements determined through the functional programming process. Government accepted all three recommendations with commitments to act.



The performance audit report, along with a short summary, highlight video, statement to the media, and questions Nova Scotians may want to ask government is available at <<https://oag-nb.ca/publications/2020>>.

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