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# Office of the Auditor General

## Nova Scotia

### AUDITOR GENERAL--Performance Audit Report Released

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Auditor General Michael Pickup issued his 2018 performance audit report today, Dec 11. The report contains three chapters of audit results.

The auditor general expressed significant concerns about governance of Nova Scotia's health sector in two of the three chapters. These concerns can threaten the efficiency and effectiveness of health care delivery to Nova Scotians. Oversight of key healthcare organizations by those responsible for it is the basis for strong performance.

Chapter one: Management and Oversight of Health Sector IT: This audit examined whether there is appropriate governance of information technology in the health care sector. The key conclusions are:  
-- the Department of Health and Wellness is not providing effective leadership and direction on IT in the health sector

-- the four government organizations - Department of Health and Wellness, Department of Internal Services, Nova Scotia Health Authority and the IWK - responsible for information technology (IT) in the health sector have not formalized roles and accountabilities. Key agreements are not finalized, and an executive committee intended to oversee IT in the sector has never met

-- the four organizations are also not adequately managing IT risks. Examples include: risk management frameworks that are completely missing or have significant gaps; relevant policies requiring monitoring of IT controls are not in place; and collective IT risk to the health sector is not adequately managed.

"Nova Scotians want health care that is secure and available at the best cost possible, said Mr. Pickup. "That is compromised when oversight of IT risks is not adequate. Given the importance of information technology in the provision of health care, I hope elected officials and all Nova Scotians will hold government accountable to fix the problems."

Chapter two: IWK Financial Management Controls and Governance: This audit examined whether the IWK Health Centre board of directors and management were providing effective governance and oversight over financial management and controls. The key conclusions are:

-- the IWK board and management did not effectively govern so as to require the development and operation of financial controls. Controls over the seven business processes examined, including procurement, payroll and human resources, were not effective

-- significant transactions were often not appropriate, adequately supported, or properly authorized. For example, almost half of the samples requiring approval had not been properly approved.

"I want to acknowledge the importance of the IWK to serving those who use its services. This report does not call into question the quality of the health care being provided," said Mr. Pickup. "However, I was shocked to see the extent and severity of weakness in basic financial management controls at the IWK."



The report places responsibility for the control weaknesses primarily on the IWK board of directors who did not create a culture that promoted accountability for the functioning of internal controls.

Chapter three: Workers' Compensation Board Governance and Long-Term Sustainability: This audit examined governance practices and plans for long-term sustainability at the Workers' Compensation Board. The key conclusions are:

- the board of directors has governance structures and processes in place to provide oversight and accountability in support of the achievement of the Workers' Compensation Board's goals and objectives, with minor improvements needed
- the Workers' Compensation Board has a plan to become fully funded and has made continued progress in reducing the unfunded liability.

"The Workers' Compensation Board's funding strategy has allowed the board to move from roughly 40 per cent funded 20 years ago to nearly 90 per cent today. This has been a significant turn-around for an organization that faced serious issues from a financial perspective," said Mr. Pickup.

The report contains a total of 19 recommendations from the three audits which have all been accepted by government.

The full report, along with a short summary and highlight video for each of the three chapters, is available at [www.oag-ns.ca](http://www.oag-ns.ca).

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FOR BROADCAST USE:

Auditor General Michael Pickup reported today (December 11th) on his performance audit work with three separate chapters on Oversight and Management of Health Sector IT, Financial Management and Controls and Governance at the IWK Health Centre and the Workers' Compensation Board's Governance and Sustainability.

In the report, he says the Department of Health and Wellness is not providing effective leadership and direction on IT in the health sector, and there is a lack of formalized roles and responsibilities and inadequate management of IT risks which threatens secure and available health care.

Mr. Pickup found the IWK Health Centre board of directors and management did not effectively govern and oversee the development of financial controls, resulting in widespread control weaknesses that could for example allow staff to make purchases without approval or override approvals entirely.

He also found that the Workers' Compensation Board has governance and oversight processes to provide oversight and accountability, and it is making progress on the plan to become fully funded, going from roughly 40 per cent funded 20 years ago to nearly 90 per cent funded today.

The three reports, audit highlights and videos are available on the auditor general's website.

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