May 29, 2018

Report of the Auditor General to the Nova Scotia House of Assembly

NOVA SCOTIA

Performance

Independence • Integrity • Impact

May 29, 2018

Honourable Kevin Murphy
Speaker
House of Assembly
Province of Nova Scotia

Dear Sir:

I have the honour to submit herewith my Report to the House of Assembly under Section 18(2) of the Auditor General Act, to be laid before the House in accordance with Section 18(4) of the Auditor General Act.

Respectfully,

MICHAEL A. PICKUP, CPA, CA

Auditor General of Nova Scotia

5161 George Street
Royal Centre, Suite 400
Halifax, NS B3J 1M7
Telephone: (902) 424-5907
Fax: (902) 424-4350
Website: http://www.oag-ns.ca
    :   @OAG_NS

Table of Contents

Chapter 1
Agriculture; Communities, Culture and Heritage; Natural Resources: Grant Programs

Overall Conclusions:

- For the $45 million in grants and contributions audited, the departments did not define how to measure if the spending was successful
- We found the departments did not assess whether they got the results they wanted for the money spent
- Grants were generally awarded and paid in line with department requirements

Design

Conclusion:
- Grant programs are not set up to achieve specific, measurable results
- No evaluation is completed on most grant programs to see what results were obtained

Examples:
- All programs had goals and objectives
- 17 of 18 programs did not have specific measures of success
- Risks to program success not identified for 17 of 18 programs
- No explanations on decisions for program design:
  - Major differences in the thoroughness of terms and conditions
  - Different inspection requirements for similar programs

Recommendations:
- Department of Finance and Treasury Board should provide guidance for grant program design, administration, and monitoring
- Departments should measure performance and regularly evaluate programs
- Departments should develop comprehensive risk analysis to assess design of grant programs

Awarding and Payment

Conclusion:
- Most grants are awarded and paid according to rules with only minor exceptions

Examples:
- Most programs met eligibility criteria, with minor exceptions:
  - One-time Emerging Culture and Heritage grant awarded annually to one recipient
  - Recreation Facilities Development program did not have explanations documented for some decisions
- Approval process is not always clear as no checklists to support review
- Discretionary grants at CCH – while approvals existed, support was lacking for value of grants awarded
- Access Road Construction program – service agreement needed with third party administrator to address concerns

Recommendations:
- Departments should develop assessment tools for each stage of the grant process
- Natural Resources should establish written agreements for third-party administration of grant programs
- Communities, Culture and Heritage should develop documentation and retention standards for discretionary grants

Recommendations at a Glance

Recommendation 1.1
The Department of Finance and Treasury Board, in consultation with the Executive Council Office, should develop a framework to provide guidance to public sector entities on best practices for grant program design, administration, and monitoring of compliance at a program design level.

Recommendation 1.2
The Departments of Agriculture; Communities, Culture and Heritage; and Natural Resources should establish performance indicators, measure performance, and regularly evaluate grant programs.

Recommendation 1.3
The Departments of Agriculture; Communities, Culture and Heritage; and Natural Resources should develop a comprehensive risk analysis and use this to assess the design of all grant programs.

Recommendation 1.4
The Departments of Agriculture; Communities, Culture and Heritage; and Natural Resources should develop monitoring processes for grant management to ensure required controls are followed for each stage of the grant process.

Recommendation 1.5
The Department of Natural Resources should establish a signed agreement with clear performance expectations, reporting requirements, and conflict of interest guidelines when using third-party administration for grant programs.

Recommendation 1.6
The Department of Communities, Culture and Heritage should develop documentation and retention standards for discretionary grants.

1 Agriculture; Communities, Culture and Heritage; Natural Resources: Grant Programs

Grant Program Design

1.1 We examined 18 grant programs across three government departments: Agriculture; Communities, Culture and Heritage; and Natural Resources; as well as discretionary grant funding at the Department of Communities, Culture and Heritage. Appendix II has a detailed list of programs we audited.

1.2 The programs examined were mainly application-based and included specific eligibility criteria. The grants were available to businesses, non-profits, and individuals across the province, depending on the goals and objectives of the program.

Guidance for grant program design is required

1.3 We found a variety of approaches, both within and across departments, in the design of grant programs. We also noted there had been insufficient program evaluation. Specific issues and examples are discussed in more detail throughout the chapter.

1.4 When creating a grant program, there should be a documented program framework which outlines what the program is trying to achieve, how its success is defined, risks identified that could impact that success, and analysis to support how grants are to be administered. This level of analysis supporting program design decisions was generally not available.

1.5 Clear and comprehensive guidance would help to ensure that a consistent approach is taken to program design considerations, that applicants are treated consistently, and risks to the Province are appropriately considered and addressed.

Recommendation 1.1

The Department of Finance and Treasury Board, in consultation with the Executive Council Office, should develop a framework to provide guidance to public sector entities on best practices for grant program design, administration, and monitoring of compliance at a program design level.

Department of Finance and Treasury Board Response: The Department of Finance and Treasury Board accepts this recommendation and will work with Executive Council Office, as well as departments with grant programs, to develop such a framework.

1.6   While the remaining recommendations in this chapter are directed to the departments we audited, the concepts apply to all government departments. We expect that the issues and recommendations discussed below will inform the guidance prepared in response to our recommendation to develop a framework.

Programs are not evaluated against goals and objectives

1.7   Departments do not adequately evaluate programs to determine if they are meeting goals and objectives. Departments have some degree of documented goals and objectives for all 18 programs we examined. However, 17 programs have not established adequate performance measures and indicators to assess if the programs are achieving the goals and objectives. While the departments did measure one or two performance indicators for some programs, we found they were not sufficient to evaluate the success of the program.

1.8   Two examples below show the lack of adequate program evaluation.

- FarmNext at the Department of Agriculture – This program supports new farmers in the purchase of a farm. Requirements include a plan to achieve commercial farming income of $30,000 per year within five years, and a repayment agreement if the farm is sold within that same period. However, the Department does not know how many commercial farms have been established under this program.

- Creative Industries Fund at the Department of Communities, Culture and Heritage – One objective of the program is to increase export sales and revenue growth through innovation. While the program has only existed for two years, the Department has not established how these objectives will be measured.

1.9   Departments should establish performance indicators and measures during program design to ensure requirements, such as final reports from grant recipients, provide management with the information they need to assess whether program goals and objectives are met.

1.10   Most programs we examined had no link between the final report from grant recipients and the program evaluation. For all programs reviewed, the departments require final reports, or some form of accountability requirement, after project completion. We found the departments mainly used the final reports as assurance the project was completed as approved, and if required, to authorize release of holdback funding.

1.11   Departments should design final reports to provide information required for program evaluation, as well as accountability. The results of program evaluations are key for departments to make improvements to the program and award future grants.

Recommendation 1.2

The Departments of Agriculture; Communities, Culture and Heritage; and Natural Resources should establish performance indicators, measure performance, and regularly evaluate grant programs.

Department of Agriculture Response: The Department of Agriculture agrees with the recommendation. The Department had previously identified the need for robust performance measures to evaluate programs. The new Canadian Agriculture Partnership Agreement (CAP) launched in April 2018, which replaces the Growing Forward II Agreement, has a new emphasis on performance and results measurement. In response to our awareness and need to improve the ability to report on performance under CAP, the Department started the process to acquire a Grants Management System that would facilitate the capturing and reporting of performance measure data. Development of the Grants Management System was initiated in the fall of 2017 and is expected to be available for use in the 2018-19 fiscal year.

Department of Communities, Culture and Heritage Response: The Department of Communities, Culture and Heritage agrees with this recommendation and is currently undertaking a review of all grants and funding programs. The outcome of this review will provide direction for performance indicators, tools to measure performance and evaluation methods for regularly evaluating grant programs.

Department of Natural Resources Response: The Department of Natural Resources agrees with this recommendation. The Department will develop and implement a plan to establish performance indicators, measure performance and regularly evaluate grant programs to better demonstrate programs are achieving their goals and objectives.

Risks are not clearly identified and addressed through program design

1.12 Departments are not adequately analyzing risks when developing grant programs. For only 1 of 18 programs did the department have clear evidence the risks were assessed and incorporated into the program design. Without a robust risk assessment, it is difficult for departments to ensure all risks are identified and adequately addressed in the program design. A rigorous risk assessment process guides management to consider all aspects of the program and document if risks are reduced to an acceptable level to support the likelihood of the program accomplishing its goals and objectives.

1.13 The Department of Agriculture's administration guidelines for the programs examined show that management initially considered risks. The departments of Communities, Culture and Heritage, and Natural Resources also have robust guidelines for several programs. However, without a documented and ongoing risk assessment process, it is harder for departments to ensure all risks, including new or changing risks, have been identified and adequately managed.

1.14   In examining program guidelines, accountability requirements, and other measures in place, we noted significant variations in how management in the departments approached and assessed risks associated with each grant program. There was variation in how management structured eligibility and accountability requirements across programs, even within the same department. Without a risk-based program design, it is not clear if the variations in practice are reasonable, deliberate decisions.

1.15   The Department of Agriculture's grant administration was more uniform across its programs. We expected this since all grant programs are managed within one division. At the Departments of Communities, Culture and Heritage, and Natural Resources, grant programs are administered by various program managers in the division responsible for the program. These departments had more variation in their processes, with the potential for inconsistent requirements and expectations between programs. We discuss variations, such as timing of disbursements and grant terms and conditions, in the rest of this chapter.

1.16   *Timing of disbursements* – For the programs we examined across all three departments, funding is provided in one of three ways:

- Fully disbursed upon project completion once the recipient provides evidence that eligible program costs have been incurred;

- Fully advanced on approval; or

- Partially advanced upfront with installments and/or a holdback until final accountability requirements are submitted.   There were several variations to this approach.

1.17   For several of the programs at Communities, Culture and Heritage, the Department advances 100 percent of the funding upon approval of the grant. For these programs, management noted that advancing funding upfront is essential for the applicants to complete the projects. However, when full funding is provided before final accountability requirements have been submitted, there is less incentive for recipients to provide the information.

1.18   In reviewing programs that had overdue final accountability reports, we noted two programs in particular had poor results and both had been provided with full funding in advance.

Program	Number of Projects Overdue	Number of Days Overdue
Arts Nova Scotia Grants to Individuals	9 of 10	52 – 419
One-time Emerging Culture and Heritage Initiative	6 of 10	35 – 439

1.19   The Creative Industries Fund, also had overdue final reports, with three of the five grants examined having reports overdue between 95 and 224 days. While the Department uses holdbacks for this program, the Department made final payment to four of five projects before it received the required final reports. Management stated that the final payment needed to be issued by the fiscal year end, although the final reports were not due until later. The Department's process does not match the terms and conditions, resulting in reduced recipient accountability once funding has been provided.

1.20   Terms and conditions state that no additional grants will be provided if accountability requirements are outstanding for a previous grant from the Department. For some projects, such as the Community Museum Assistance program, the risk may be sufficiently reduced as museums receive annual funding. This control is ineffective for programs such as those discussed above, which are often either one-time funding or payments to recipients who do not apply for grant funding often. A risk-based approach would provide the Department with guidance in balancing the risk of fully advanced funding with the impact of not receiving the accountability requirements.

1.21   *Inspections* – For three of four programs with inspections as part of the program guidelines, the departments did not document their assessment or decision as to why inspections were required. For the remaining 14 programs, the departments had no support for decisions not to conduct inspections. We identified that some programs not requiring inspections were similar in nature to those that require them.

1.22   For example, Access Road Construction grants range from $1,500 to $5,000, the smallest individual grants of the 18 programs we tested. A third-party administrator performs inspections on 100 percent of applications every year, and 10 percent are then inspected again by the Department of Natural Resources.   In contrast, the Off-Highway Vehicle Fund Infrastructure grants, which are similar in nature, have a maximum of $50,000, but the Department does not require inspections. The difference in the Department's approach does not appear reasonable based on the dollar value, and similar accountability requirements. Without a clear rationale, it is uncertain whether the Department's current processes are adequate, or if programs need more, or fewer, inspections.

1.23   Part of a risk analysis is balancing the impact and likelihood of the identified risk, with the cost of reducing the risk. When deciding whether to conduct inspections, including the extent and number of inspections, the department's reasoning for the decision should be clear. Similarly, if the department plans no inspections, it should be clear how the identified risks are addressed through other accountability requirements.

1.24   Departments should clearly determine how inspections are to be completed and documented as part of the program framework. Although the Maple Assistance, Homegrown Success, and Recreation Facilities Development programs all required inspections at the completion of the project, we found the departments had no documentation of the inspections for any projects for which one was required. Based on the Department's risk analysis of the Maple Assistance program, a site assessment is also required. All site assessments were completed and included in the project files.

1.25   For two of the programs, Maple Assistance and Homegrown Success, Department of Agriculture management stated that the Department is moving to a risk-based approach, which was why there were no inspections completed for the grants tested, and that program guidelines will be changing to reflect this. Management could not provide documented justification for this change.

1.26   Communities, Culture and Heritage management stated that regional staff are responsible for inspections for the Recreation Facilities Development program. Although the Department does not have specific documentation of the inspections, regional staff indicated that sign-off on a project occurs when they have sufficient assurance that a project is complete. This process is not currently outlined in Department policy and there was no evidence to show the extent of inspections or whether they had occurred.

Terms and conditions varied without clear reasoning for the differences

1.27   Signed agreements with comprehensive terms and conditions varied across departments, programs, and within programs. This variation impacts the amount of risk associated with each program.

1.28   There are several programs in which the terms and conditions are not standard for each recipient. We expected all agreements to have a set of basic terms and conditions, with the ability to adjust for project specific requirements. We found terms and conditions varied significantly without clear reasons for the differences.

1.29   Strategic Funding Initiatives at Communities, Culture and Heritage, for example, approved one project for $500,000, for which the terms and conditions consisted of only general reporting requirements around project completion with no noted start, end, or final report dates. In contrast, another project had a detailed document which clearly outlined the timing, reporting, and steps to be completed to receive $200,000 in funding.

1.30   We found that for all programs with signed agreements, with the exception of Operating Assistance to Cultural Organizations and the Community Museum Assistance program, the departments had a condition related to

recovery of funding if projects were not completed as approved. If there is no signed agreement or condition regarding recovery, the Province is at a greater risk of not being able to recover funding. For Operating Assistance to Cultural Organizations and the Community Museum Assistance program, the funding is recurring annually, therefore management stated the condition that funding will not be renewed if requirements are not met is sufficient to mitigate the risk.

1.31   We found in all instances in which applicants did not complete projects, or recovery was required for other reasons, the departments either recovered funding appropriately, or had documented justification for why funding was not recovered.

1.32   *In-kind* – Several programs calculate the value of the grant based on a percentage of total expenses of the project and/or require that the applicant fund a certain percentage of the project themself. A few of these programs allow in-kind support, such as donated materials or volunteers' time, to be included in the total project expenses and/or applicant contribution amount. The level of guidance varied for how in-kind support is valued and verified.

1.33   Two programs at the Department of Natural Resources, and one at Communities, Culture and Heritage included clear guidance that in-kind contributions must be valued at market value. One program required third-party confirmation of in-kind contributions with the application, one required a detailed claim form to be submitted at the end of the project, and the third required a combination of both approaches. One example of existing but unclear guidance was in the Department of Communities, Culture and Heritage with its One-time Emerging Culture and Heritage program. The Department only notes that in-kind contributions must be essential to the project, but there is no guidance on how they are to be valued.

1.34   *HST* – There is no overall policy which states how taxes paid should be treated for grant programs. We noted the departments had several ways of handling HST. Depending on the program, applicants may be non-profit organizations, registered charities, individuals, or businesses. This leads to situations in which an applicant may be able to claim HST credits, while also recovering amounts paid through grants.

1.35   The Department of Agriculture was the only department which made it clear that HST was not to be included in any grant calculation, except for one program which allowed HST to be claimed by universities and charities. The Departments of Communities, Culture and Heritage, and Natural Resources had no clear guidance on HST. In general, we found HST was included in grant calculations and disbursed to recipients.

1.36 The information above is not inclusive of all types of considerations and processes required to effectively design a grant program. However, this provides some examples of the types of guidance required from government to ensure a consistent approach to grant programs in line with best practices.

Recommendation 1.3

The Departments of Agriculture; Communities, Culture and Heritage; and Natural Resources should develop a comprehensive risk analysis and use this to assess the design of all grant programs.

Department of Agriculture Response: The Department of Agriculture agrees with the recommendation. The Department will work towards developing a process to move from the informal, undocumented, process it currently uses to a formal comprehensive risk analysis process when developing new programs. The risk analysis process should be developed during the 2018-19 fiscal year.

Department of Communities, Culture and Heritage Response: The Department of Communities, Culture and Heritage agrees with this recommendation. As part of the review, the Department will develop and use a comprehensive risk analysis in grant program design.

Department of Natural Resources Response: The Department of Natural Resources agrees with this recommendation. A department Enterprise Risk Management Policy became effective January 1, 2018 and will support the development and use of comprehensive risk analysis procedures in grant program design.

Application and payment approval processes require more structure

1.37 *Application approvals* – While the departments properly recorded final approval for all grant decisions, sufficient evidence of the process followed to support the approval was not always available. In many cases there were no checklists, assessment tools, or other documentation to demonstrate that the application had been reviewed.

1.38 The same issue was identified around review of accountability requirements. Although items were generally on file, it is unclear what the program officers reviewed before disbursing funding. Best practice should promote staff accountability for assessment and ensure the process is clear to others.

1.39 All grant programs examined had established eligibility criteria and application requirements. We performed the assessment process to ensure eligibility for approval, and disbursement and accountability requirements were met. In total, we examined 170 individual grant approvals across the three departments, and in most cases, we found funds were awarded only to those meeting the criteria. Minor issues were identified and addressed with each program manager. A few of these exceptions are discussed below.

1.40   The One-time Emerging Culture and Heritage Initiatives at the Department of Communities, Culture and Heritage included the only project examined which clearly did not meet the eligibility criteria of the program. The applicant did not complete any of the application documents and funding was recurring in nature, with the same amount provided in both years of our audit period. This contradicts the eligibility criteria which state that the grant is not intended for recurring funding.

1.41   In addition, the program guidelines stated that the Department's contribution will not normally exceed a maximum of $10,000, while the application form specifically stated that the amount requested should be to a maximum of $10,000. Nine of 10 projects we examined were over $10,000. The Department should consider if the current process is clear and fair to all applicants.

1.42   Under the Recreation Facilities Development program, the Department of Communities, Culture and Heritage approved two projects outside of the normal process. The program requires applications be evaluated and scored by regional managers for recommendation for approval. We found that 2 of 10 projects examined were not scored through this process. Another two projects were scored and not recommended by the committee. All four projects received Ministerial approval. While the Department provided explanations for the variations in the process, the rationale was not clearly documented in the files.

1.43   FarmNext at the Department of Agriculture requires applicants to submit a business plan to support how a new farm plans to become a commercial farming operation. The Department does not have a process to review the completeness or reasonability of the business plan, lessening the value of this application requirement.

1.44   *Payment approvals* – Funding decisions were all properly approved, and money was generally paid in line with program guidelines and terms and conditions. As with initial approval decisions, we noted some minor deficiencies at each department. A few specific issues are discussed below.

1.45   Four of 10 Recreation Facilities Development projects examined at Communities, Culture and Heritage received funds without evidence that substantial work had begun, as required by program guidelines. Regional office staff monitor approved projects, but do not specifically or consistently document this work.

1.46   For 2 of 10 Strategic Funding Initiatives projects, the Department of Communities, Culture and Heritage did not receive a signed agreement prior to disbursing funds. In both cases signed agreements were returned after funds had been disbursed. However, this is not in line with best practice. Providing funding to recipients before a signed agreement is in place leaves

the Department open to the risk that the recipient will not agree to the terms and conditions.

1.47 Most of the issues identified would be addressed by following the policies already in place for the programs. An overall assessment tool, such as a checklist, would help to improve accountability and ensure that all necessary steps have occurred before money is disbursed.

1.48 Many documents across multiple programs were also not date stamped. This often prevented us from concluding whether disbursement occurred in the proper sequence. While this is an administrative task, it is important for departments to demonstrate that funding is not disbursed before all requirements are met.

Recommendation 1.4

The Departments of Agriculture; Communities, Culture and Heritage; and Natural Resources should develop monitoring processes for grant management to ensure required controls are followed for each stage of the grant process.

Department of Agriculture Response: The Department of Agriculture agrees with the recommendation. The Department currently uses program eligibility assessment tools and will develop additional assessment tools for every stage of the grant process in conjunction with the procedures for the new Grants Management System currently under development. The additional assessment tools should be developed during the 2018-19 fiscal year.

Department of Communities, Culture and Heritage Response: The Department of Communities, Culture and Heritage agrees with this recommendation. Working within the framework prepared by Department of Finance and Treasury Board, the department will improve grant management monitoring processes for each stage of the grant process.

Department of Natural Resources Response: The Department of Natural Resources agrees with this recommendation. The department will analyze and improve existing grant management monitoring processes to ensure required controls are followed for each stage of the grant process.

Comments on Specific Programs

Access Road Construction

No agreement with administrator for Access Road Construction program

1.49 The Department of Natural Resources has no written agreement with Forest Nova Scotia for the administration of the Access Road Construction program. Funds for the program are intended to help woodlot owners maintain or

create road access for harvesting and extracting forest products, as well as providing access for forest fire protection. This was the only program we examined which is administered by a third party.

1.50   The Access Road Construction program budget was $720,000 in each year of the audit period. Ten percent of total funding ($72,000 per year) was paid to Forest Nova Scotia to administer the program. The administrator also charged an application fee of $266.51 (HST included) to each successful program applicant. Total revenue earned by Forest Nova Scotia in 2016 to administer the program was approximately $163,000, or 25 percent of total grant funding. Most grants (approximately 90 percent of those awarded in 2016) were to small woodlot owners, at the lowest grant amount of $1,500.

1.51   The expectations and accountability requirements between the Department of Natural Resources and Forest Nova Scotia for administering this program are not clear. Aside from the minimal guidelines available publicly on the Forest Nova Scotia website, there are no internal guidelines to govern the administration of the program. We identified several concerns which were not clearly addressed in policy.

- One applicant submitted multiple invoices totalling $108,370 for the three years from 2004 to 2006. The annual grant available is only $2,500. The applicant carried forward the remaining balance as an eligible expense for reimbursement every year, which may continue until the full amount is paid. Based on this process, it will take over 30 years for the full amount to be recovered. It is not clear in the program guidelines that this is allowed, and it may not be known by all applicants.

- For three projects, the grant amount exceeded the invoices submitted. In another case, the applicant invoiced themselves for the work performed. Program administrators said they determined a reasonable expense for each kilometer and use this to assess work completed by applicants, and do not require invoices. The Department does not have a specific approach for documenting these claims. It is another example of rules that not all applicants may be aware of when submitting applications and claims.

- We noted a conflict of interest issue in which someone involved in administering the program was also a grant recipient. A conflict of interest policy should be developed.

1.52   The Department should ensure grants administered by third parties on its behalf are governed by signed agreements with the service provider. Agreements should outline expectations for the programs, clear accountability requirements, and be evaluated at regular intervals to determine if the goals and objectives of the programs are met in an efficient and cost-effective manner.

Recommendation 1.5

The Department of Natural Resources should establish a signed agreement with clear performance expectations, reporting requirements, and conflict of interest guidelines when using third-party administration for grant programs.

Department of Natural Resources Response: The Department of Natural Resources agrees with this recommendation. Work is underway to ensure the Department enters into agreements (where none currently exist) with third party administrators for grant programs, and that these agreements include clear performance expectations, reporting requirements, and conflict of interest guidelines.

Discretionary Grants

Documentation supporting discretionary grants lacking

1.53   The Department of Communities, Culture and Heritage approved approximately 100 discretionary grants in each of 2015-16 and 2016-17. The value of these grants ranged from less than $100 up to $250,000. Just over $1 million was disbursed through this program in each year of our audit period.

1.54   We tested discretionary grants to determine if there was a process in place for approving and disbursing funding, and if documentation was similar to the requirements of other grant programs, including a documented rationale, a signed agreement with terms and conditions, and accountability for the funding.

1.55   We found discretionary grants had no requirement for a signed agreement, and 5 of 10 grants did not have a funding agreement. This results in weaker accountability when compared to other grant programs as there are no terms and conditions associated with the funding, meaning no defined accountability requirements exist.

1.56   We found that all 10 discretionary grants examined had a clear justification to support the purpose of the grant, including a Ministerial approval on file. However, the justification to support the amount of the grant was not always clear. Six grants did not meet the level of detailed budget analysis or justification of the amount that would be required for other grant programs. This lack of detail raises questions around the ability of the recipients to complete projects as described and reduces the ability of the Department to ensure the funds are used as proposed.

1.57   Overall, the Department did not have well-organized and readily available documentation for its discretionary grants. Staff responsible for the grants maintain the information and work in various areas within the Department. The Department does not have guidance for staff on what documentation

should be kept. This does not support accountability within the Department for this type of funding

Recommendation 1.6

The Department of Communities, Culture and Heritage should develop documentation and retention standards for discretionary grants.

Department of Communities, Culture and Heritage Response: The Department of Communities, Culture and Heritage agrees with this recommendation. The Department will develop documentation and retention standards for discretionary grants.

Strategic Funding Initiatives

Strategic Funding Initiatives program administration has improved

1.58   The Strategic Funding Initiatives program is intended to support projects which do not fit the criteria or maximum funding limits of the Department's other grant programs, but which have an overall benefit to their communities. Applicants can either submit potential projects to the Department of Communities, Culture and Heritage or be directed to this program by senior staff based on initial proposals received within other programs that do not fit their eligibility criteria. If approved, recipients receive a one-time project grant.

1.59   Our November 2013 audit of grant programs included the Strategic Funding Initiatives program which was transferred to Communities, Culture and Heritage in April 2013. We found weaknesses with the program including a lack of clear objectives and accountability requirements which could have resulted in the investment of government resources in projects with minimal economic or community impact. We recommended that the Department of Communities, Culture and Heritage establish program policies to address the issues identified in our audit. The final follow-up by our Office in April 2016, concluded the Department had not completed developing and implementing appropriate program policies.

1.60   In the current audit we determined that program approval process documents are now in place and complete for all 10 projects reviewed. Eight of nine projects in which funding had been disbursed had signed agreements, including terms and conditions. The one grant without a signed agreement had been disbursed prior to the change in process.

1.61   From April 1, 2016 to March 31, 2017, approximately $11.8 million in funding was provided through the Strategic Funding Initiatives program. This was an increase of approximately $11 million over the prior year, and $10.2

million over budget. Department management explained that the increase was supported by additional funding approved by Executive Council. The increase was required to provide provincial funding to match new federal money available to several community organizations. Without provincial funding, most of these projects would not have been able to obtain the almost $10 million in federal money which ultimately came to Nova Scotia.

Reasonable Assurance Engagement Description and Conclusions

In May 2018, we completed an independent assurance report of the Departments of Agriculture; Communities, Culture and Heritage; and Natural Resources. The purpose of this performance audit was to determine whether the departments have adequate processes and controls to ensure that grant programs are administered effectively to achieve their goals and objectives.

This audit examined 18 grant programs across the three departments, as well as discretionary grant funding at the Department of Communities, Culture and Heritage. Total grant funding administered by the three departments is as follows:

Department	Grant Funding (Actual)			
	2015-16 (000s)		2016-17 (000s)	
	Total	Programs Audited*	Total	Programs Audited*
Agriculture	$36,093	$3,854	$40,453	$4,484
Communities, Culture and Heritage	$40,035	$9,681	$75,326	$23,627
Natural Resources	$11,989	$1,656	$11,466	$1,732
Total	**$88,117**	**$15,191**	**$127,245**	**$29,843**

Source: Departments of Agriculture; Communities, Culture and Heritage; and Natural Resources (unaudited)
* See Appendix II for more details on the 18 programs audited

It is our role to independently express a conclusion about whether the departments' grant programs have specific, measurable goals and objectives, assess whether goals and objectives are achieved, if there is a defined process for awarding grants, and whether grants are accurately and appropriately disbursed to comply in all significant respects with the applicable criteria. Management at the Departments of Agriculture; Communities, Culture and Heritage; and Natural Resources, have acknowledged their responsibility for the grant programs examined.

This audit was performed to a reasonable level of assurance in accordance with the Canadian Standard for Assurance Engagements (CSAE) 3001—Direct Engagements set out by the Chartered Professional Accountants of Canada; and Sections 18 and 21 of the Auditor General Act.

We apply the Canadian Standard on Quality Control 1 and, accordingly, maintain a comprehensive system of quality control, including documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

In conducting the audit work, we have complied with the independence and other ethical requirements of the Code of Professional Conduct of Chartered Professional Accountants of Nova Scotia as well as those outlined in Nova Scotia's Code of Conduct for public servants.

The objectives and criteria used in the audit are below:

Objective:
1. To determine if the Departments of Agriculture; Communities, Culture and Heritage; and Natural Resources' grant and contribution programs have specific, measurable goals and objectives.

2. To determine if the Departments of Agriculture; Communities, Culture and Heritage; and Natural Resources assess whether grant and contribution programs are achieving their goals and objectives.

Criteria:
1. Each funding program should have documented goals and objectives.

2. The funding mechanism and accountability requirements selected for the program should be supported and consistent with its goals and objectives.

3. Funding programs should be regularly evaluated to determine if goals and objectives are being achieved, and continue to be relevant.

4. Issues and deficiencies identified through program evaluations should be assessed and addressed in a timely manner.

Objective:
To assess if the Departments of Agriculture; Communities, Culture and Heritage; and Natural Resources follow a defined process for awarding grants and contributions.

Criteria:
1. There should be established eligibility criteria and application requirements for each program.

2. Funding should only be awarded to recipients meeting the eligibility criteria.

3. The evaluation of applications should be documented, including the rationale for the final decision and the maximum amount of funding to be provided.

4. Funding decisions should be reviewed and approved prior to notifying the applicant.

<div style="border:1px solid purple; padding:10px;">

Objective:

To assess if the Departments of Agriculture; Communities, Culture and Heritage; and Natural Resources accurately and appropriately disburse funding to approved applicants.

Criteria:

1. Terms for the disbursement of funding should be consistent with program guidelines and communicated to approved applicants.

2. Funding should only be disbursed to recipients per the terms of the grant or contribution.

3. Disbursements should be reviewed and approved before being paid to the recipient.

4. There should be an established process in use for recovery of funding when accountability requirements are not met or it is not used in compliance with the terms of the grant or contribution.

</div>

Generally accepted criteria consistent with the objectives of the audit did not exist. Audit criteria were developed specifically for this engagement. Criteria were accepted as appropriate by senior management at the Departments of Agriculture; Communities, Culture and Heritage; and Natural Resources.

Our audit approach consisted of reviewing any relevant policies, procedures, and practices, as well as with interviews with Department staff. We tested compliance with established practices through review of applications, grant decisions, funding disbursements, accountability reporting, and grant program evaluations, as well as any other related documents. Our audit period covered April 1, 2015 to March 31, 2017. We examined documentation outside of that period as necessary.

We obtained sufficient and appropriate audit evidence on which to base our conclusions on May 14, 2018, in Halifax, Nova Scotia.

Based on the reasonable assurance procedures performed and evidence obtained, we have formed the following conclusions:

The Departments of Agriculture; Communities, Culture and Heritage; and Natural Resources have established goals and objectives. However, they do not have adequate processes and controls to ensure that grant programs are designed effectively to achieve their goals and objectives.

The departments have not established performance measures and indicators to determine if programs are achieving their goals and objectives.

The departments are generally approving and disbursing grants in line with program guidelines. However, some issues were identified, and improved controls, in the form of assessment tools, are needed to enhance accountability.

Grant Programs Audited

Program	2015-16		2016-17	
	Budget	**Actual**	**Budget**	**Actual**
Agriculture				
Farm Innovation	$400,000	$370,641	$400,000	$362,274
FarmNext	$574,000	$230,009	$574,000	$237,732
Homegrown Success	$2,110,000	$1,792,373	$2,110,000	$1,927,639
Maple Assistance[1]	$982,000	$238,479	$743,521	$731,003
Pollination Expansion	$250,000	$266,096	$250,000	$298,838
Vineyard Development and Expansion	$1,000,000	$956,201	$2,200,000	$926,463
Total	**$5,316,000**	**$3,853,799**	**$6,277,521**	**$4,483,949**

[1] *Program had budget allocated for duration of one-time program. Year two budget is remainder of initial allocation.*

Program	2015-16		2016-17	
Communities, Culture and Heritage				
Arts NS Grants to Individuals	$685,000	$626,519	$632,000	$642,587
Community Facility Improvement	$633,000	$594,348	$1,016,000	$1,093,094
Community Museum Assistance	$978,600	$974,205	$978,600	$972,713
Creative Industries Fund	–	–	$2,000,000	$2,022,309
Discretionary Grants	$811,500	$1,033,008	$404,000	$1,216,839
One-time Emerging Culture and Heritage Initiatives	$150,000	$314,000	$225,000	$358,366
Operating Assistance to Cultural Organizations	$2,101,500	$2,122,800	$2,101,500	$2,122,800
Recreation Facilities Development[2]	$1,095,000	$2,103,687	$1,875,000	$2,192,158
Sport NS Provincial Organizations[2]	$1,133,000	$1,180,906	$1,133,000	$1,196,750
Strategic Funding Initiatives[3]	$500,000	$731,945	$1,632,000	$11,809,156
Total	**$8,087,600**	**$9,681,418**	**$11,997,100**	**$23,626,772**

[2] *Programs were the responsibility of the Department of Health and Wellness in 2015-16. Year not included in scope of audit.*
[3] *See Strategic Funding Initiatives section for details on 2016-17 funding increase*

Program	2015-16		2016-17	
Natural Resources				
Access Road Construction	$720,000	$718,500	$720,000	$720,000
Habitat Conservation Fund[4]	$245,842	$186,060	$208,366	$234,097
Off Highway Vehicle Infrastructure Fund[5]	$753,000	$751,653	$810,959	$778,000
Total	**$1,718,842**	**$1,656,213**	**$1,739,325**	**$1,732,097**

[4] *Budget reflects annual revenue for Habitat Conservation Fund.*
[5] *Budget and actual reflects allocation and actual spending on infrastructure projects.*

	2015-16		2016-17	
Total	**$15,122,442**	**$15,191,430**	**$20,013,946**	**$29,842,818**

Source: Departments of Agriculture; Communities, Culture and Heritage; Health and Wellness; and Natural Resources (unaudited)

Chapter 2
Justice: Correctional Facilities

Overall Conclusions:

- Given shortcomings identified in key areas, improvements are needed to the Department of Justice's management of correctional facilities to better promote safety and security.

Management of Correctional Facilities

Conclusion:
- Many policies that promote safety and security not consistently followed
- No comprehensive risk assessment framework
- No performance management framework

Examples:
- Risk assessments limited to specific units at individual facilities
- No performance indicators
- 9 of 47 close confinement cases not properly approved
- 5 of 47 close confinement cases with no documentation of the reason for confinement
- Healthcare documentation not required for medical confinement
- Poor monitoring of offenders in close confinement
- Required rounds and searches of facilities not always completed
- Some offenders admitted to facility without documentation of medical history
- Security assessments not completed for some admissions

Recommendations:
- Compile a comprehensive risk assessment framework
- Set performance indicators
- Implement quality assurance process
- Ensure close confinement is approved and monitored
- Work with NSHA to improve medical confinement documentation
- Complete required rounds and searches
- Complete offender medical history and security assessments
- Review offender medical history prior to planned use of force and document offender injuries received when force is applied

Staff Training, Development, and Hiring

Conclusion:
- Staff training not fully completed in accordance with policies
- Hiring practices not consistently followed
- Performance evaluations not completed as required

Examples:
- 16 of 20 recently hired correctional officers (COs) did not complete all required training
- Understanding mental health course stopped in 2014; new course did not start until 2017
- 16 of 20 COs had expired training certifications
  - 3 COs with expired use of force training
  - 7 COs with expired Emergency 1st Aid
- Some correctional facility staff hired without all required background checks
- No consistent volunteer policy
- Only 11 of 20 COs had performance evaluations

Recommendations:
- Ensure COs complete all required training
- Complete all steps in the hiring process
- Complete CO performance evaluations
- Implement consistent volunteer policy

Recommendations at a Glance

Recommendation 2.1

The Department of Justice should compile all the elements of a comprehensive risk assessment framework for provincial correctional facilities, including how identified risks are to be managed.

Recommendation 2.2

The Department of Justice should develop and implement a performance management framework, including a quality assurance process, to assess the performance of provincial correctional facilities.

Recommendation 2.3

The Department of Justice should complete a review of all correctional facilities to identify staff who have not completed or recertified required training and ensure required training is completed.

Recommendation 2.4

The Department of Justice should complete annual performance evaluations for all correctional officers.

Recommendation 2.5

The Department of Justice should ensure hiring processes are consistently applied to all job competitions at correctional facilities and supporting documentation is maintained.

Recommendation 2.6

The Department of Justice should develop and implement a consistent volunteer policy that requires comprehensive screening of volunteers before they are permitted within provincial correctional facilities. The screening process should outline the required background checks and required frequency for updates.

Recommendation 2.7

The Department of Justice should ensure close confinement is properly approved, including explanation for confinement; all reviews are done as required by policy; and that access to recreation and showers is provided and documented.

Recommendation 2.8

The Department of Justice should work with the Nova Scotia Health Authority to ensure documentation to support confining offenders for medical reasons is maintained in correctional facility files.

Recommendation 2.9

The Department of Justice should ensure correctional officer duties, such as the completion of rounds and searches, are completed as required and adequate documentation is maintained to show they have occurred.

Recommendation 2.10

The Department of Justice should explore options with relevant parties within the larger justice system to ensure system-wide implications of intermittent sentences are understood and identify possible solutions for managing these offenders within correctional facilities.

Recommendation 2.11

The Department of Justice should ensure health admission forms and institutional security assessments are completed for all offenders every time they are admitted to a provincial correctional facility.

Recommendation 2.12

The Department of Justice should ensure offender medical history is reviewed prior to planned use of force incidents and that documentation to indicate if an offender received injuries when force was applied is maintained.

Intentionally blank

2 Justice: Correctional Facilities

Background

2.1   The Department of Justice, through the Correctional Services division, is responsible for the administration and operation of community and custody-based programs and services for adult offenders. One of the core business areas for Correctional Services is the operation of correctional facilities with the goal of providing safe and secure custody of offenders.

2.2   Within an approximate budget of $60 million, the Department operates four adult correctional facilities:

- Central Nova Scotia Correctional Facility in Dartmouth

- Northeast Nova Scotia Correctional Facility in New Glasgow

- Cape Breton Correctional Facility in Sydney

- Southwest Nova Scotia Correctional Facility in Yarmouth

2.3   Provincial correctional facilities have the capacity to hold 700 offenders and a staff of 575, of which about 400 are correctional officers. In 2016-17 there were about 500 offenders with an average daily cost of $250 per offender.

2.4   Provincial correctional facilities house offenders serving sentences of less than two years and individuals on court ordered detention awaiting further court appearances (remand). As shown below, the majority of offenders in provincial correctional facilities are being held on remand. While the average provincial sentence is generally two to three months, individuals held on remand can be held in a facility for several years.

Percentage of Offenders by Custody Type					
	2012-13	2013-14	2014-15	2015-16	2016-17
Sentenced to provincial custody	32%	33%	31%	40%	38%
Held on Remand	63%	63%	65%	55%	57%
Other	4%	4%	4%	5%	5%

Source: Department of Justice (unaudited)

2.5   We did this audit because correctional facilities face a variety of risks that can impact the safety of both offenders and staff, as well as the security of the facilities. The Department tracks incidents that occur within provincial correctional facilities. See the table below for an overview of incidents during the audit period.

Summary of Monthly Incidents During Audit Period	
Type of Incident	**Number of Incidents**
Assaults	
Offender on offender (no hospitalization)	528
Offender on staff (no hospitalization)	75
Offender on offender (in-patient hospitalization needed)	11
Offender on staff (in-patient hospitalization needed)	0
Use of force	482
Fire requiring local fire services	3
Purposeful property damage	198
Wrongful release	2
Major drug seizure	4
Death in custody	2

Source: Department of Justice (unaudited)

Risk Assessment and Performance Management Frameworks

The Department does not have a comprehensive risk assessment framework

2.6   The Department of Justice does not have a comprehensive risk assessment framework for the provincial correctional system. While some risk assessments were completed during the audit period, they were limited to specific units within individual correctional facilities and were completed in response to events that occurred at the facilities.

2.7   A key goal of a comprehensive risk assessment process is to proactively identify and manage risks rather than just respond to incidents which have occurred. A risk assessment framework includes documenting the risks facilities face and the likelihood and consequences of them occurring, along with measures to reduce those risks to an acceptable level. Additionally, a good risk assessment framework includes periodic assessment of whether risks are being properly managed, including whether key controls are working.

2.8   Staff and offender safety and overall facility security are impacted by many changing factors. Risk factors may not be the same in all facilities. Risks include violence against offenders and staff, drugs coming into the facilities, and mistaken releases. It was evident during the audit that Department management understood the risks facing the correctional facilities and the measures in place to manage the risks. However, without a comprehensive risk assessment framework, it is harder for management to ensure all risks, including new and changing risks such as new methods of smuggling in drugs, have been identified and adequately managed.

Recommendation 2.1

The Department of Justice should compile all the elements of a comprehensive risk assessment framework for provincial correctional facilities, including how identified risks are to be managed.

Department of Justice Response: The Department of Justice agrees with this recommendation. Correctional Services will develop a provincial program framework that identifies current practices in place to address risk and to resolve, mitigate and communicate risks. Timing: October 30, 2018

The Department has not established performance indicators for correctional facilities

2.9   Management indicated one of the main objectives for provincial correctional facilities is to keep offenders and staff safe and secure. However, the Department has not identified performance indicators to measure safety and security within the facilities, nor have they assessed the effectiveness of measures in place to manage risk. Performance indicators could consider assaults, staff sick time, or worker compensation claims.

2.10   An effective performance management framework includes regular assessment of performance against identified indicators and reporting results. Such a process would provide management with an overview of correctional facility performance, as well as opportunities to identify and address issues proactively before they become more significant. For example, increases in sick time may indicate additional job-related stress for correctional officers who may require training or a change in duties.

2.11   The Department records data on incidents such as assaults and drug seizures within correctional facilities, but this information is not analyzed to identify trends or weaknesses in current processes. This type of information can be used to develop performance indicators and assess performance.

The Department does not have a quality assurance process for corrections

2.12   The Department of Justice does not have a quality assurance process to determine if correctional facilities are following Departmental policies. A quality assurance process is an effective part of a performance management framework to help management ensure staff perform required procedures and follow appropriate processes.

2.13   We found the Department completed a thorough investigation of five major incidents, such as offender deaths, wrongful releases, or serious assaults, that occurred during our audit period. While following appropriate procedures and processes, these investigations were in reaction to serious incidents. A

quality assurance process would help the Department be more proactive in identifying where procedures and processes are weak, possibly before major incidents occur.

2.14 Both assessing facilities against performance indicators and a quality assurance process can provide valuable information for management to identify new risks or changes to risks correctional facilities face. Management can also use the information to develop and monitor correctional facility risk assessments to ensure resources are directed to the areas of highest risk.

Recommendation 2.2

The Department of Justice should develop and implement a performance management framework, including a quality assurance process, to assess the performance of provincial correctional facilities.

Department of Justice Response: The Department of Justice agrees with this recommendation. An audit schedule will be developed by the Chief Superintendent and the Manager of Policy and Programs responsible for audits and investigations. Correctional Services will ensure the audits are conducted in accordance with the schedule and that a quality assurance process is in place.

The Manager of Policy and Programs will compile statistics and generate reports to identify deficiencies and improvements.

The Chief Superintendent will follow up with individual superintendents regarding any deficiencies.

Audits will be a standing item on the Superintendent Operational Meeting and Senior Management Team (SMT) agendas.

The policy will be updated to reflect the process. Timing: June 15, 2018

Staff Training and Development

2.15 Training is essential for the safety of staff and offenders at correctional facilities, but we found many staff have not completed required courses. The Department of Justice has a training plan that identifies the required training for correctional officers. Some courses must be completed prior to working in the facility, while others must be completed within the first year of employment. Certain training must also be recertified at regular intervals to ensure it remains up-to-date. Head office is responsible for scheduling and tracking training to ensure correctional officers across the province complete the required training and their certifications are current. We expected correctional officers to have completed all required training at the proper times, but found this was not the case.

**New hires not receiving the required training**

2.16　Newly hired correctional officers did not receive the required training. Only 4 of the 20 records we selected for correctional officers hired between 2013 and 2017 showed the officers had completed all required training. Examples of training not completed include:

- Understanding and Responding to Mental Illness, or equivalent (15 of 20 staff)

- Recognition of Emotionally Disturbed Persons (13 of 20 staff)

- Applied Suicide Interventional Skills Training (9 of 20 staff)

2.17　The Understanding and Responding to Mental Illness course was stopped in 2014 and a replacement course was not ready until February 2017. Department management noted its goal is to deliver this training to all correctional officers by 2020. They indicated that as of November 2017, approximately half of all correctional officers had completed the new course. Taking another two years to train all correctional officers by 2020 does not seem reasonable. We encourage the Department to place a priority on this training and ensure it is provided to all correctional officers as soon as possible.

2.18　Each of the above examples are courses covering aspects of mental health. Working within correctional facilities can be very stressful and ensuring all staff have the necessary mental health training to help manage the inherent stress is important. In addition, many offenders in the facilities also have mental health issues, making this training for staff even more important.

2.19　Many of the recently hired correctional officers had not completed several of the required courses. The following chart outlines the number of courses not completed.

Correctional Officers and Courses Not Completed
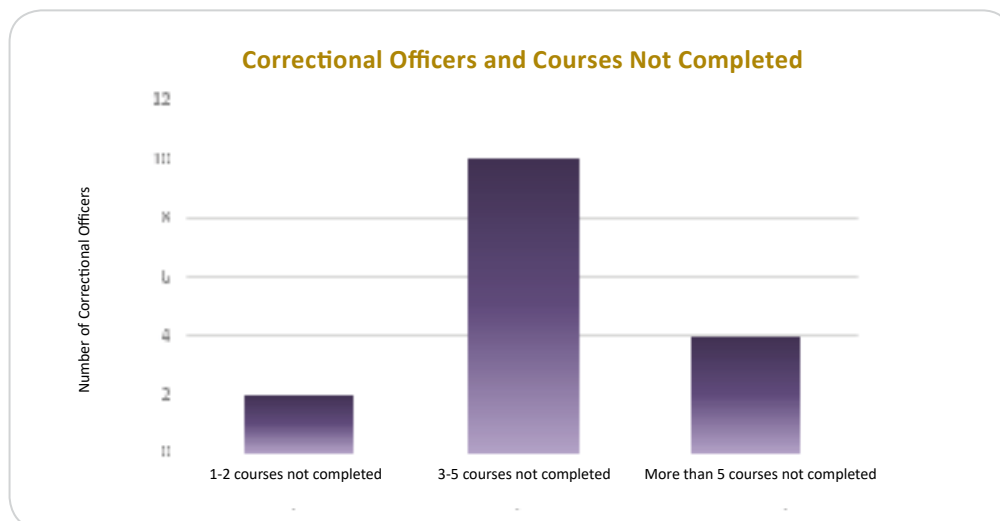
2.20 One correctional officer had not completed 10 of the 15 courses we examined. While management indicated this individual only worked part-time, there is nothing in the policy excusing a part-time employee from taking the required courses. If a correctional officer is working in a facility, even on a part-time basis, all required training should be completed, given that the risks remain the same.

2.21 We found similar gaps in staff training for other correctional facility staff, such as social workers and kitchen staff. While training requirements for these positions are not as extensive as for correctional officers, the Department requires the completion of some training upon hire. We found 10 of the 11 non-correctional officer staff hired during the audit period had not completed all required training.

2.22 One of the required courses for non-correctional officers teaches verbal and physical skills to use in a conflict situation and is to be completed within six months of hire. We found that 8 of the 11 individuals had not completed this course; the other three had not completed it within the six-month period.

2.23 In July 2017, the Province introduced a fraud policy, including mandatory online training to be completed by all government employees. Department management indicated they do not track whether corrections employees have completed the training.

Correctional officer training out of date

2.24 Recertification training for some correctional officers is not timely. Certain training courses must be repeated at regular intervals to ensure training remains current. Correctional officers identified this as an area of concern. For a sample of 20 correctional officers, we tested seven courses that had to be retaken on a regular basis. Sixteen of the officers had at least one course for which training was expired.

2.25 Specific examples of expired correctional officer training are noted below. Each course must be retaken every three years.

- Three officers had expired use of force training; overdue by approximately one to four years.

- Seven officers had expired emergency first aid training; overdue by as long as six years.

- Eleven officers had expired fire equipment and evacuation training; overdue by up to seven years.

2.26 If training is not completed or recertified at the proper times it creates risks to the safety of both staff and offenders and the security of the facility.

Recommendation 2.3

The Department of Justice should complete a review of all correctional facilities to identify staff who have not completed or recertified required training and ensure required training is completed.

Department of Justice Response: The Department of Justice agrees with this recommendation. A list of all staff who require training will be compiled and staff will be put on a priority listing for training sessions. Additional training schedules will be arranged.

The training matrix will be updated to accurately reflect current certification and re-certification standards to align Correctional Services standards with best practice standards. Timing: March 31, 2019

Performance evaluations of correctional officers not completed

2.27   Annual performance evaluations were not completed for all correctional officers. Some correctional officers we interviewed said they have never received a performance evaluation. We found that only 11 of 20 correctional officers selected had performance evaluations completed during the audit period.

2.28   Under Government policies all government employees are to have an annual performance evaluation. Management within the Department and facilities also indicated correctional officers should have performance evaluations. Regular performance evaluations help with staff development, identifying both strengths and areas for improvement. Performance issues that are not identified and addressed may impact safety and security within correctional facilities.

Recommendation 2.4

The Department of Justice should complete annual performance evaluations for all correctional officers.

Department of Justice Response: The Department of Justice agrees with this recommendation. In consultation with Human Resources, Correctional Services will develop a plan to ensure employee performance evaluations are completed annually. A tracking schedule will be implemented, and a process will be put into place to ensure completion. Timing: September 30, 2018

Hiring Process

Correctional facility staff hired without proper screening

2.29 We selected a sample of 20 correctional officers hired between 2013 and 2017 and found steps in the hiring process had not been completed for 15 officers. We found similar issues with hiring for non-correctional officer positions.

2.30 The hiring process for correctional officers includes an interview, written test, physical fitness test, and background checks which include criminal record, child abuse registry, vulnerable sector, and reference checks, along with a pre-employment questionnaire. For the 20 correctional officers selected we found several steps in the hiring process had not been completed. Examples include:

- Written tests were not completed for five officers

- Reference checks were not done for one officer; only two of three required checks were completed for nine officers

- One or more of either the vulnerable sector, child abuse registry, or criminal record check was missing for 13 officers

2.31 The hiring process for non-correctional officer positions, such as social workers and kitchen staff, is less extensive, but still includes reference, criminal record, vulnerable sector, and child abuse registry checks. Starting in October 2016 the pre-employment questionnaire is also required for all non-correctional officer positions. Prior to this, it was only done for certain positions. Of the 11 hires during the audit period, 6 were missing some of the requirements. Most concerning was one individual who had no reference, criminal record, vulnerable sector, or child abuse registry check; nor did they have a pre-employment questionnaire completed.

2.32 The required hiring processes for correctional and non-correctional officers should be consistently applied to all applicants. Not following the required process increases the risk that unsuitable candidates could be hired and they could jeopardize the security of the facility.

Recommendation 2.5

The Department of Justice should ensure hiring processes are consistently applied to all job competitions at correctional facilities and supporting documentation is maintained.

Department of Justice Response: The Department of Justice agrees with this recommendation. A vacant Secretary 3 position will be filled and assigned the responsibility to ensure all supporting documentation is collected and maintained. Success Factors will be utilized to manage all competition documentation. The

Correctional Services website will be updated to reflect current requirements, including reference checks.

There will be a directive communicated from the Executive Director requiring new recruited employees to submit security back ground checks, i.e., Vulnerable Sector Checks before being given access to secure areas of the correctional facility or interacting with the inmate population. Timing: June 30, 2018

Inconsistent approach to screening and monitoring volunteers

2.33   The Department of Justice did not have consistent policies for screening and approving volunteers in correctional facilities. For volunteers affiliated with an organization, such as Alcoholics Anonymous, the organization is only required to provide a proposal outlining the organization's program and the criminal record and child abuse registry checks for its volunteers. Volunteers not affiliated with organizations must go through a process that includes criminal record checks, an interview, reference checks, and completion of an orientation process.

2.34   Although the Department has policies for accepting volunteers, each correctional facility follows its own screening process. All facilities require volunteers to provide a criminal record check.   Some have additional requirements such as having a sponsor from within the facility, attendance at a security awareness session, or review of a volunteer handbook. In a sample of 20 volunteers, we found 2 with no criminal record checks. Volunteers play a role in delivering services to offenders and should be properly screened to protect the safety of staff and offenders, and the security of the facility.

2.35   There were also inconsistencies for updating volunteers' criminal record checks. Some facilities require criminal record checks to be updated every two to three years, while others do not require updates. If criminal record checks are not updated periodically, volunteers previously approved to be in the facility who no longer meet the requirements may not be identified.

Recommendation 2.6
The Department of Justice should develop and implement a consistent volunteer policy that requires comprehensive screening of volunteers before they are permitted within provincial correctional facilities. The screening process should outline the required background checks and required frequency for updates.

Department of Justice Response: The Department of Justice agrees with this recommendation.   Correctional facilities will be required to forward any documentation currently used for the screening of volunteers.

A consistent process of documentation will be identified for all correctional facilities. The policy will be revised and communicated. Timing: June 15, 2018

Management of Correctional Facilities

➤ Use of close confinement not always approved

2.36 In 9 of the 47 cases we examined, offenders were placed or held in close confinement longer than allowed without the approval required under Department policy. Close confinement, also known as segregation, is when offenders are held separately from other offenders for disciplinary or other administrative reasons. Offenders may be held in specifically designated cells away from other offenders or confined to their cell in their living unit.

2.37 Administrative close confinement is used at the discretion of facility management for the protection of offenders and staff, or for the security of the facility. Offenders may also ask to be placed in administrative close confinement. A captain within the correctional facility must approve administrative confinement. We found seven cases which had no captain approval for the administrative confinement of an offender.

2.38 Disciplinary close confinement is used when an offender breaks the rules of a facility. When an offender is alleged to have broken facility rules, a provincial adjudicator from outside the correctional facility is to review the facts of the incident, determine if rules were broken and, if so, set the length of confinement. This is intended to add independence to the process since correctional officers involved with the offender when the rules were broken are not involved in determining the punishment. We reviewed 20 cases of disciplinary close confinement and in each case the provincial adjudicator set the period of confinement for the offender.

2.39 For 5 of the 20 cases, disciplinary close confinement was extended beyond the initial limit of 10 days (15 days prior to April 2016). In two cases, Department senior management approval for the extension was not documented. In both cases, the file showed the offender continued to break facility rules while being confined; they either disobeyed direct orders, threatened others, or damaged facility property. While the reasons for extending the period of confinement were consistent with Department policy, approval from senior management is required to ensure offenders are not confined for longer than necessary.

2.40 The facilities also did not have documentation explaining why confinement was needed or continued for 5 of the 47 cases we examined. As well, the reasons for administrative close confinement were not consistently documented. The Department's policy identifies a specific form on which to document reasons for administrative close confinement, but it was not always used. Explanations for confinement were often documented in other areas of the file that were sometimes more difficult to locate.

Healthcare documentation not required for medical close confinement

2.41   Administrative close confinement includes instances when an offender is confined for medical reasons. In provincial correctional facilities, healthcare services are provided by the Nova Scotia Health Authority. Management indicated the decision to confine an offender for medical reasons can be made by healthcare staff working within the facility. However, Department policy does not require documentation from healthcare staff confirming confinement is needed for medical reasons or when confinement can end.

2.42   Some of the medical confinement cases we examined had documentation from healthcare staff of the need for confinement, but not all case files did. If healthcare staff make the decision to confine an offender for medical reasons, correctional facility staff should obtain documentation to confirm the need for confinement. Without proper documentation, medical reasons could be inappropriately used to justify extended periods of confinement for offenders.

Offenders in close confinement not consistently monitored

2.43   For almost half of the files examined (22 of 47), staff did not review the status of offenders in close confinement at the correct frequency. Department policy requires staff to review of an offender within 24 hours of the offender being placed in close confinement, and at least once every five days after the initial review. Reviews should indicate if close confinement should continue.

2.44   Reviews were not completed for half of the 22 cases. For the remaining 11 cases, staff did not complete the initial review within 24 hours of the offender being placed in confinement or subsequent reviews every five days. Many of the completed reviews did not indicate if the offender should remain confined; this is a requirement under the Correctional Services regulations.

2.45   Regular reviews provide an opportunity to assess whether an offender's behavior has improved enough to end confinement.   They also help correctional officers to assess an offender's overall mental and physical condition. Without the reviews, an offender may be confined for longer than necessary or correctional officers may not recognize changes in an offender's condition that need to be addressed.

2.46   For most close confinement cases tested (35 of 47), the facilities either had no documentation to show that the offender was offered time for showers and recreation or it indicated it was offered on some days but not others. Offenders are to be offered at least 30 minutes a day of outdoor recreation time and access to showers at least every second day. Access to recreation and showers is important to the physical and mental well-being of offenders in close confinement. Not providing these could place increased stress on offenders and impact their health and safety.

Recommendation 2.7

The Department of Justice should ensure close confinement is properly approved, including explanation for confinement; all reviews are done as required by policy; and that access to recreation and showers is provided and documented.

Department of Justice Response: The Department of Justice agrees with this recommendation. The policy will be revised to address the concerns noted. Correctional Services has engaged the Ombudsman to complete regular reviews and audits of the process.

Correctional Services will continue to complete quarterly snapshots and use the information from these to identify and address any instances of non-compliance with policy.

Correctional Services will conduct an audit of the 24hr and 5-day reviews and make recommendations regarding practices to be implemented to ensure the reviews are being completed in accordance with required time frames.

Correctional Services will revise policy to reflect any additional change in practice to assist in improving compliance. Timing: June 30, 2018

Recommendation 2.8

The Department of Justice should work with the Nova Scotia Health Authority to ensure documentation to support confining offenders for medical reasons is maintained in correctional facility files.

Department of Justice Response: The Department of Justice agrees with this recommendation. Management will reinforce with superintendents the need to request medical documentation "blue sheets" for inmates in close confinement for medical reasons.

Policy will be updated to include the need for superintendents to request "blue sheet" documentation to support placement of inmates in close confinement as requested by health care. Timing: June 30, 2018

Close confinement policy changed to provide more oversight

2.47   In May 2017, the Department of Justice made changes to their close confinement policies to provide more oversight over the use of close confinement and the treatment of offenders while confined. During our work, there were no time limits placed on how long offenders could be confined for administrative reasons, which increases the risk that offenders may be confined for longer than necessary.

2.48   Effective May 2017, the Department changed its close confinement policy so an offender can only be placed in administrative close confinement for a

maximum of 10 days. If confinement is needed for longer than 10 days, senior management can approve confinement for additional periods of up to 30 days. The facility must be able to justify why further confinement is necessary. The change in the policy also granted more privileges, such as phone calls and personal visits, to confined offenders.

2.49   Since these changes happened after our audit period they were not considered in our testing procedures. The policy changes reduce the risk of offenders being unnecessarily placed in administrative close confinement for extended periods of time, while also helping reduce the isolation of offenders confined for disciplinary reasons.

Facilities not consistently using the electronic rounds system

2.50   Correctional officers did not complete rounds using the electronic rounds system. Department policy requires correctional officers to walk through facilities to observe offenders to deter unwanted behavior. The frequency can vary depending on the area of the facility. For offender living units it generally ranges from every 30 minutes to once an hour.

2.51   Each facility has an electronic system for recording rounds. As correctional officers move throughout the facility they use a device to check in by touching a sensor at various checkpoints. The sensor captures which correctional officer checked in and the time of the check in. Each day a report is generated outlining rounds that were not completed. Facility management is to review this report and provide explanations for missed or incomplete rounds.

2.52   We identified many missed and incomplete rounds in the reports from the electronic system. We were told there were times the electronic system was not used and rounds were completed and documented in log books; we were unable to find sufficient evidence to consistently support this. The strength of the electronic rounds system is that it captures the time of the check in. A log book does not provide the same level of evidence. The electronic system provides better and more timely information to management to determine if rounds are completed as required. It should be used consistently.

Correctional facilities are not consistently searched

2.53   Correctional facilities are not adequately searched.   Department policy requires staff to regularly conduct searches to find contraband such as drugs and weapons. We reviewed a sample of search records from each correctional facility and identified several instances of searches not completed as required.

2.54   We found instances in which searches of offender living units, as well as the admissions, laundry, kitchen, and perimeter areas of the facilities, were not completed according to Department policy. These are either high traffic

areas or accessible by offenders which makes regular searches in these areas important for preventing the flow of contraband.

Recommendation 2.9

The Department of Justice should ensure correctional officer duties, such as the completion of rounds and searches, are completed as required and adequate documentation is maintained to show they have occurred.

Department of Justice Response: The Department of Justice agrees with this recommendation. Correctional Services will ensure rounds and searches are completed and documented as required.

Management has worked with the vendor regarding the use of guard tour, the electronic rounds system, and any technical issues that may be resulting in rounds not being properly recorded. As a result, Correctional Services has installed upgraded software that has improved system stability.

Body Scanners have been purchased and will be installed to enhance security and safety of staff and inmates.

Relevant policy will be reinforced with superintendents.

Regular audits will be done to address any deficiencies and will be included as part of the facility audit schedule. An audit matrix will be developed. Timing: September 30, 2018

Intermittent sentences create significant challenges for correctional facilities

2.55   Judges often impose intermittent sentences to allow offenders to serve their time over a period of intervals, usually weekends. Intermittent offenders are housed separately from other offenders. They pose a higher risk for smuggling contraband such as drugs because they regularly enter and leave facilities. Management told us that offenders serving intermittent sentences may also face pressure from other offenders to smuggle drugs on their behalf.

2.56   Intermittent offenders report to the facility themselves unlike regularly sentenced offenders who are normally brought to the facility by police or sheriff services. We were told it is not unusual for some intermittent offenders to arrive under the influence of drugs or alcohol. Approximately 19 percent of offenders at the Central Nova Scotia Correctional Facility are serving intermittent sentences. Staff told us there could be close to 50 offenders reporting to the facility on some Fridays. When admitting that many offenders, correctional officers indicated they face pressure to get offenders processed as quickly as possible. This increases the risk that staff do not fully follow procedures.

2.57 Staff at some facilities indicated they need to provide space each weekend to accommodate intermittent offenders. This makes it harder to keep incompatible offenders separate and can be more challenging for smaller facilities.

2.58 A 2015 analysis by the Department of Justice noted intermittent sentences are more prevalent in Nova Scotia where approximately 16 percent of offenders were serving intermittent sentences. In larger provinces such as Alberta, British Columbia, and Ontario intermittent sentences ranged from 2 to 8 percent of the offender population. We did not audit this information.

2.59 The analysis also indicated intermittent sentences were given to relatively higher risk offenders. Of the 70 offenders serving intermittent sentences at the time of the analysis

- 77 percent had more than 10 prior convictions,

- 26 percent had been incarcerated more than five times previously, and

- 86 percent had been involved in internal incidents during prior periods of incarceration.

2.60 Although we did not audit the results of the Department's 2015 analysis, the inherent risk around intermittent sentences, along with the higher risk offenders receiving these sentences, appears to present a significant safety and security concern for correctional facilities. Throughout the audit Department staff, both at head office and at all four facilities, commonly cited that managing offenders serving intermittent sentences is one of the biggest challenges facing provincial correctional facilities.

Recommendation 2.10

The Department of Justice should explore options with relevant parties within the larger justice system to ensure system-wide implications of intermittent sentences are understood and identify possible solutions for managing these offenders within correctional facilities.

Department of Justice Response: The Department of Justice agrees with this recommendation. Correctional Services has implemented a mitigation strategy through the facilitation of the conditional release program and electronic supervision monitoring to address capacity issues.

A due diligence consultation will be completed with Legal Services and the Judiciary to ensure program integrity.

The Auditor General's recommendation to "explore options with relevant parties within the larger justice system to ensure system-wide implications of intermittent sentences are understood" will be communicated to the Criminal Justice

Transformation Group, representing justice system partners.

Correctional Services will continue to manage intermittent sentences within correctional facilities with separate admission processes and separate housing.

Body Scanners have been purchased and will be installed to enhance security and safety of staff and inmates. Timing: October 2018

Offender medical information and security assessment not always completed upon admission

2.61 Staff did not complete required steps in the offender admission process which could impact the safety of offenders and staff and the security of the facility. When offenders are admitted to correctional facilities, staff complete a health admission form on which they document any health issues the offender may have, while also noting any recently consumed drugs or alcohol. Staff must also complete an institutional security assessment. The assessment involves considering factors about an offender such as age, previous crimes, and types of crimes committed to enable staff to assign a level of risk to the offender while in custody. The process is meant to help staff determine where to place the offender within a facility. It also provides information for correctional officers when interacting with the offender.

2.62 We examined 40 offender admissions during the audit period, half of which were for intermittent sentences. For nine of the offenders, staff did not complete the required health form. It is important for staff to collect this information as correctional officers may need to more closely monitor an offender with drug use prior to admission. Healthcare staff may also need to monitor medical conditions.

2.63 We also noted that staff sometimes only completed the health admission form on the first time an intermittent offender was admitted. When the offender returned on subsequent dates staff did not complete or update the form. Details of the offender's medical status or recent drug and alcohol use may have changed during this time away from the facility. Without this knowledge, staff may not have the most current information in the event of an emergency.

2.64 Beginning in November 2015, partway through our audit period, the Department began requiring an institutional security assessment We expected to see assessments completed for 27 of the 40 admissions we tested. We found they were not done for 10 admissions, 9 of which were for intermittent offenders.

Recommendation 2.11

The Department of Justice should ensure health admission forms and institutional security assessments are completed for all offenders every time they are admitted to a provincial correctional facility.

Department of Justice Response: Department of Justice agrees with this recommendation.

Policy is being enforced to ensure a copy of the Admission Health Information Form is retained by the superintendent to alert correctional staff when an inmates's health may be endangered in an emergency.

This will be included in the facility audit schedule. An audit matrix will be developed. Timing: June 30, 2018

Missing documentation of offender injuries and review of medical history for use of force

2.65   Correctional officers are permitted to use force against offenders to protect themselves, or other offenders; to get an offender to comply with orders; or to protect correctional facility property. We reviewed 20 cases in which force was used against an offender and found in all cases the use of force was appropriate and consistent with what is allowed in the Department's policies. However, we found instances in which documentation was not consistent with policy requirements.

2.66   Documentation for 8 of the 20 cases we reviewed was not adequate to determine if an offender was injured when force was applied. Department policy requires this to be noted for every use of force incident. While the force used in several of the cases was minor, staff should have documented if injuries occurred. It helps promote the safety of the offender and protects the Department from allegations that force was excessive and injuries were not properly treated.

2.67   We also identified two instances in which staff did not review an offender's medical history prior to using force. The need for force can happen spontaneously, while at other times it can be planned. For example, if an offender refuses to leave their cell, correctional officers plan for how to best remove the offender. Staff are required to review an offender's medical history prior to any planned use of force incident. There were 9 planned use of force incidents in the 20 we examined, 2 in which staff did not review the offender's medical history prior to the incident. One was particularly concerning as staff were issued Tasers to use if needed. While a Taser was not used in that incident, failing to review medical history presents unnecessary risk to the safety of offenders.

Recommendation 2.12

The Department of Justice should ensure offender medical history is reviewed prior to planned use of force incidents and that documentation to indicate if an offender received injuries when force was applied is maintained.

Department of Justice Response: Department of Justice agrees with this recommendation.

The appropriate Policy and Procedure has been updated to reflect the process of recording the assessment by health care in the Subject Behaviour Officer Response Report.

The relevant Accident and Injury Report policy and procedure has been reviewed and updated to ensure there is no confusion or discrepancy in direction between the two policies.

A review of medical information prior to planned use of force has been completed, superintendents have been directed to reinforce this policy and procedure with their managers. Timing: Complete

Offender complaints and correctional officer safety concerns properly addressed

2.68   Each correctional facility has a process for responding to offender complaints. We reviewed 20 complaints from offenders during the audit period and found each was addressed in a reasonable and timely manner.

2.69   We also reviewed 21 instances in which staff identified safety concerns within a facility. In each case facility management assessed the concern and took appropriate steps to address the issues identified.

Additional Comments from the Department of Justice

Correctional Services plays a crucial role in keeping our communities safe. Safe, secure and modern justice facilities, along with well-trained staff, are among our highest priorities. Our job is to keep people safe and to make sure that our courts and legal system run smoothly. We have a responsibility to protect inmates and accused people in our custody. We must ensure their welfare is a priority while doing what we can to successfully reintegrate them back into society. The department will continue to take steps to improve staff training, recruitment and improve overall safety in our facilities. Correctional Services has been focused on proactive measures over the past year, as evidenced by the our recently established audit schedule and focus on accountability at the Correctional Facility level. Many of the recommendations have already been accomplished or are in progress.

Reasonable Assurance Engagement Description and Conclusions

In May 2018, we completed an independent assurance report for the Department of Justice. The purpose of this performance audit was to determine whether the Department of Justice is identifying risks within provincial adult correctional facilities and taking steps to mitigate these risks in order to promote the safety of offenders and staff and the security of the facilities.

It is our role to independently express a conclusion about whether the management of provincial correctional facilities complies in all significant respects with the applicable criteria. Management at the Department of Justice have acknowledged their responsibility for the management of provincial correctional facilities.

This audit was performed to a reasonable level of assurance in accordance with the Canadian Standard for Assurance Engagements (CSAE) 3001—Direct Engagements set out by the Chartered Professional Accountants of Canada; and Sections 18 and 21 of the Auditor General Act.

We apply the Canadian Standard on Quality Control 1 and, accordingly, maintain a comprehensive system of quality control, including documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

In conducting the audit work, we have complied with the independence and other ethical requirements of the Code of Professional Conduct of Chartered Professional Accountants of Nova Scotia, as well as those outlined in Nova Scotia's Code of Conduct for public servants.

The objectives and criteria used in the audit are below:

Objective:
To determine if the Department of Justice has a framework in place to identify, mitigate, and monitor risks related to safety and security at provincial adult correctional facilities.

Criteria:
1. The Department of Justice should have safety and security risk assessments for provincial adult correctional facilities, including steps required to mitigate risks.

2. The Department of Justice should implement the safety and security risk mitigation measures outlined in risk assessment documents for provincial adult correctional facilities.

3. The Department of Justice should regularly review and update safety and security risk assessments for provincial adult correctional facilities.

4. The Department of Justice should regularly assess the effectiveness of measures in place to mitigate safety and security risks within provincial adult correctional facilities.

<div style="border:1px solid purple; padding:1em;">

Objective:

To determine if the Department of Justice is managing correctional facilities in a manner consistent with risk assessments to promote the safety and security of offenders, along with the safety of staff and visitors.

Criteria:

1. The Department of Justice should have risk assessments that outline risks related to offender safety and security and the safety of staff and visitors, including steps required to mitigate risks.

2. The Department of Justice should implement the mitigation measures outlined in risk assessments for offender safety and security and the safety of staff and visitors within provincial adult correctional facilities.

3. The Department of Justice should regularly review and update risk assessments for offender safety and security and the safety of staff and visitors within provincial adult correctional facilities.

4. The Department of Justice should regularly assess the effectiveness of measures in place to mitigate risks to offender safety and security and the safety of staff and visitors within provincial adult correctional facilities.

5. The Department of Justice should use safety and security risk assessments to establish goals, objectives, and performance expectations for offender safety and security and the safety of staff and visitors within provincial adult correctional facilities and report against these on a regular basis.

</div>

Generally accepted criteria consistent with the objectives of the audit did not exist. Audit criteria were developed specifically for this engagement. Criteria were accepted as appropriate by senior management at the Department of Justice.

Our audit approach consisted of interviews with management and staff at the Department of Justice, and the four provincial correctional facilities, observations, and file review. We examined relevant processes, plans, reports, and other documentation. We examined supporting documentation as applicable. Our audit period covered April 1, 2015 to February 28, 2017. We examined documentation outside of that period as necessary.

We obtained sufficient and appropriate audit evidence on which to base our conclusions on May 10, 2018, in Halifax, Nova Scotia.

Based on the reasonable assurance procedures performed and the evidence obtained, we have formed the following conclusions:

Given shortcomings identified in key areas, improvements are needed to the Department of Justice's management of correctional facilities to better promote safety and security.

The Department does not have a documented framework in place to identify, mitigate, and monitor safety and security risks at provincial adult correctional facilities.

The Department is also lacking performance indicators to measure safety and security within facilities and assess the effectiveness of measures in place to manage risks.

While the Department has numerous policies to promote safety and security at correctional facilities, we found several instances of policies not being followed and this can have a direct impact on the safety of offenders, staff, and visitors, along with the security of facilities.

Chapter 3
Justice: Maintenance Enforcement Program

Overall Conclusions:

- The Maintenance Enforcement Program is not adequately monitoring and enforcing court orders
- There is currently $60 million owed to recipients: both individuals and families rely on these payments

Monitoring and Enforcement

Conclusions:
- Court orders not properly monitored and enforced
- Improvements to complaints process needed
- Development and monitoring of key performance indicators has improved
- Move to New Waterford impacted service to recipients

Examples:
- 21 of 25 cases with outstanding payments did not have timely or appropriate enforcement
- 8 of 10 inactive cases not adequately monitored
- Quality assurance reviews not done
- 6 of 30 complaints not resolved promptly; 1 other not addressed
- Improvements in setting goals and performance indicators
- Move to New Waterford resulted in loss of staff
- Less enforcement taken following move to New Waterford

Recommendations:
- Implement policy to guide monitoring of inactive cases
- Update and implement quality assurance policy
- Develop and implement process for management to monitor caseloads
- Improve complaints process

Staff Training and Development

Conclusion:
- No formal processes in place to train and develop staff

Examples:
- No orientation process for new staff
- Program currently developing an orientation program
- Training provided on an ad hoc basis
- No formal training schedule for staff
- No performance plans or evaluations

Recommendations:
- Implement orientation and training programs for staff
- Complete performance management process for all staff

Recommendations at a Glance

Recommendation 3.1

The Maintenance Enforcement Program should develop and implement a policy to guide staff on how to monitor inactive cases.

Recommendation 3.2

The Maintenance Enforcement Program should conduct quality assurance reviews and update the quality assurance policy to include a requirement for the number and frequency of reviews.

Recommendation 3.3

The Maintenance Enforcement Program should develop and implement a process for management to regularly monitor caseloads to ensure required work is done.

Recommendation 3.4

The Maintenance Enforcement Program should set standard response times for complaints. All complaints should be documented, and a regular analysis completed to identify and address common themes and underlying issues.

Recommendation 3.5

The Maintenance Enforcement Program should develop and implement an orientation process for new staff and a training program for all staff.

Recommendation 3.6

The Maintenance Enforcement Program should implement an annual performance management process for all staff.

3 Justice: Maintenance Enforcement Program

Background

3.1   The Department of Justice is responsible for the Maintenance Enforcement Program, a free service that helps Nova Scotians make or receive court-ordered spousal and child support payments. Payors named in the court orders make the required payments to the Maintenance Enforcement Program which then passes those payments to the recipients. Enrollment in the Program is not mandatory, but benefits include an accurate record of payments, a buffer between payors and recipients, and enforcement action if payments are not made.

3.2   Court-ordered spousal and child support payments can be essential for some families' financial stability. There are 15,065 cases, involving 13,824 children, enrolled in the Program. In fiscal 2017-18, $54.7 million in payments was sent to recipients. However, over the lifetime of the Program, $63.4 million in outstanding payments has accumulated. Of this, $15.3 million is associated with inactive accounts which the Maintenance Enforcement Program is not currently enforcing due to payors' situations. Inactive accounts are discussed in more detail later in this chapter.

3.3   Under the Maintenance Enforcement Act, Program staff can take a variety of enforcement actions if payments are not made, including:

- placing a lien against the payor's property so it cannot be sold;

- deducting money from a payor's wages, bank accounts, income tax refunds, lottery winnings, etc.;

- suspending a payor's motor vehicle license, Canadian passport, or pilot license; or

- applying to the court for an arrest warrant.

3.4   The Program has an enforcement policy that outlines the various enforcement actions available to staff, along with a progression to be followed if initial actions do not result in payment. However, each case is different, requiring staff to use their professional judgement considering the circumstances of each case. Enforcement staff determine specific enforcement actions needed to collect outstanding payments, considering factors such as the payor's payment history, the amount of money owed, and other relevant information.

3.5   The Program is unique from other collection programs in that it has contact with both the recipient and the payor. Payors contact the Program to discuss

enforcement actions taken, while recipients make contact to discuss why a payment was missed or if additional enforcement actions could be taken. The table below shows the total number of client contacts to New Waterford for the past three fiscal years. Management indicated that responding to client inquiries takes up a considerable amount of enforcement staff time.

| Total Client Communications		
2015-16	2016-17	2017-18
24,424	44,087	47,239

Source: Maintenance Enforcement Program (unaudited)

Monitoring and Enforcement

Move to New Waterford created challenges for the Program

3.6   In April 2012, the Government decided to move all Program enforcement staff to New Waterford. Prior to this, enforcement staff were located at five regional offices across the province. Current management was able to provide some documentation about the move, including timelines and steps to be taken to limit service disruption. Senior management provided regular updates on the status of the move, including challenges experienced. However, there was no comprehensive assessment of the risks associated with the relocation to New Waterford and how these would be mitigated.

3.7   The move to New Waterford was completed by June 2013 and resulted in significant staff turnover for the Program. The Program had to hire 24 new staff as only Sydney regional office employees remained with the Program. Management indicated most of the approximately 35 supervisors and staff either retired or left the Program for other employment following the announcement of the move.

3.8   Management told us the high turnover resulted in a major loss of knowledge and experience amongst enforcement staff. Resources had to be focused on staffing the new office and training new hires which reduced time available to enforce court orders and collect payments. As noted in the table below, outstanding balances were around $63 million at the time of the decision to move enforcement staff to New Waterford. The outstanding balance peaked at around $73 million in 2015, and was around $64 million in 2017.

Changes in Outstanding Payments and Number of Cases with Outstanding Payments
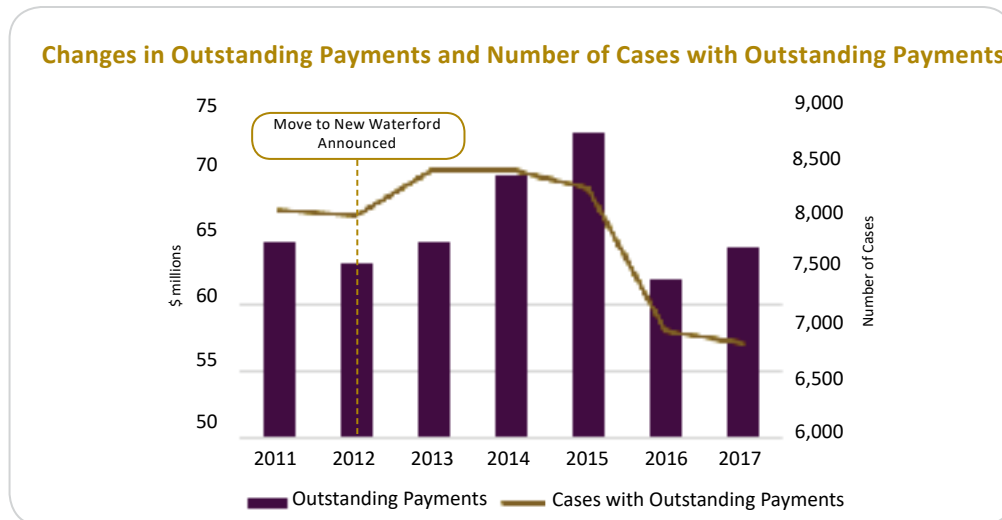
Source: *Maintenance Enforcement Program (unaudited)*

3.9 Management indicated the Program has continued to face significant staff turnover and absenteeism which has impacted its ability to collect payments. When staff are on leave for an extended period, their cases are given to other staff members, increasing all staff members' caseloads. An additional five full-time positions were added to the New Waterford office to address these challenges. The positions include a new supervisor position and an organizational development manager. Management told us these positions have been filled.

3.10 We noted similar concerns with the lack of planning for a relocation in our June 2015 Department of Fisheries and Aquaculture audit. Disruption of services can have significant impacts for Nova Scotians. Government should ensure adequate planning is done to ensure service levels are maintained when consolidating offices or relocating services.

Court orders not effectively enforced

3.11 The Program was not effectively enforcing court orders on cases with outstanding payments. When a payment is missed, it is essential for enforcement to be taken as soon as possible to encourage payors to meet their obligations and avoid large outstanding balances.

3.12 We reviewed 25 cases that we expected the Maintenance Enforcement Program to have taken enforcement action on to collect outstanding payments. They had not taken appropriate action or took action later than it should have been in 21 cases. Specific examples include:

- Enforcement actions were not taken for 20 months between January 2016 and September 2017 on a case with an outstanding balance of $19,500.

- A default letter was sent to a payor with an outstanding balance of approximately $48,000 in May 2016. No additional enforcement actions were taken until the recipient called five months later indicating payments had still not been received.

- A payor stopped making payments in January 2017 and no enforcement actions were taken for 11 months. This case had an outstanding balance of approximately $11,000.

3.13   One of the key benefits for recipients enrolled in the Maintenance Enforcement Program is that the Program can take enforcement action when payments are not made. When enforcement action is not taken, there is less incentive for payors to comply with court orders, leading to larger outstanding balances and financial stress on recipients and their children.

3.14   We reviewed enforcement policies and found they complied with the Maintenance Enforcement Act and related regulations. However, during the audit we noted some policies need improvement. The quality assurance and complaints policies need improvement and are discussed later in this chapter.

Inactive cases not properly monitored

3.15   The Program does not have a policy to guide enforcement staff on the approach or timing of monitoring inactive cases. Inactive cases are those cases for which the Maintenance Enforcement Program is not currently enforcing court-ordered payments. This would occur when a payor is in prison or on income assistance. We found a lack of monitoring in 8 of the 10 inactive cases we reviewed. While the Program will not enforce court orders to collect outstanding payments, there still needs to be regular monitoring to determine when a case should no longer be classified as inactive and enforcement should resume.

3.16   The Program's case management system allows enforcement staff to set reminders to complete tasks in the future. However, in the cases reviewed, we found this feature of the system was not used. In two cases, payors with outstanding balances were on income assistance, but staff had not set reminders to review the cases, which resulted in one case not reviewed for 15 months and the other not reviewed for 7 months.

3.17   The number of cases each enforcement staff is responsible for, and the transfer of cases between staff, makes the use of these reminders essential for ensuring cases are properly monitored. If cases remain inactive for longer than necessary, the outstanding balance may continue to grow when action to collect outstanding money is not taken.

Recommendation 3.1

The Maintenance Enforcement Program should develop and implement a policy to guide staff on how to monitor inactive cases.

Department of Justice Response: The Department of Justice agrees with this recommendation. Management will review existing Program policies for cases and determine what changes are required to improve monitoring and management of inactive cases, including revised staff training and ensuring enforcement activities are compliant with the policy.

The Program does not have an effective quality assurance process

3.18 The Maintenance Enforcement Program's quality assurance policy, intended to assess whether cases are properly monitored and enforced, was not followed. We also identified some weaknesses in the policy, specifically, there are no requirements defining the number or frequency of quality assurance reviews.

3.19 Currently, quality assurance reviews are not completed. There was evidence that reviews had been completed in the past and management indicated they used to conduct reviews of each staff member's cases for compliance with policy.

3.20 Staff and management meet frequently to review and discuss cases. Staff indicated they find these meetings very useful for training and helpful in making decisions on specific cases. This is a good process for day-to-day supervision and supporting staff, however, it is not a quality assurance process that would identify ongoing performance or compliance issues. A quality assurance process needs to involve a regular review of randomly selected cases to ensure compliance with policy and ensure staff are following the proper steps to enforce court orders and collect payments.

Recommendation 3.2

The Maintenance Enforcement Program should conduct quality assurance reviews and update the quality assurance policy to include a requirement for the number and frequency of reviews.

Department of Justice Response: The Department of Justice agrees with this recommendation. While there is an informal process of quality reviews performed on cases, management will review current quality assurance policy directives and assess improvements that need to be implemented to ensure that there is a regular and more formalized approach and methodology applied to quality assurance.

Improvements needed for monitoring how staff are managing their caseloads

3.21 Management does not have an efficient approach to monitor how staff are managing their caseloads. The Program's case management system can provide information on staff caseloads and staff are currently required to submit multiple daily reports to management. These reports identify when the last enforcement action was taken on a case, a summary of enforcement actions taken on that day, and any reminders that have not been addressed.

3.22 This reporting provides important information to both staff and management to assess the volume of work completed, as well as whether cases are properly enforced. However, management indicated that due to the number of reports received, they do not consistently review them daily. Staff told us they do not receive any feedback as a result of this reporting. If reports were more frequently used, some of the enforcement issues we found in testing may have been identified sooner. If the reports are not used, then management needs to determine what information is required and how frequently it should be reported.

3.23 Staff indicated that caseloads are high and case management is difficult. Caseloads range between 330 and 450 cases per enforcement staff. Staff indicated that the cases receiving the most attention are those for which the recipient or payor contact the Program. Under this approach, there is a risk other cases may not receive the attention they require.

Recommendation 3.3

The Maintenance Enforcement Program should develop and implement a process for management to regularly monitor caseloads to ensure required work is done.

Department of Justice Response: The Department of Justice agrees with this recommendation. Recent changes have been made to the caseload management process to increase management oversight and communicate actions to enforcement staff. Management will review current caseload management practices to assess further improvements. Further work is planned to more effectively utilize the system to provide better information to staff, find areas to reduce caseload volumes and more efficiently monitor case activities.

Complaints

Program's complaint policy lacks important details

3.24 The Maintenance Enforcement Program has a complaints policy. However, it does not include time frames for responding to complaints. We reviewed 30 complaints and found 6 for which we concluded that the Program did not address the complaint in a timely manner. In these cases, it took the Program

between 23 and 55 days to address the issue. We also found one complaint where the response did not address the issue.

3.25 The Program's case management system allows staff to identify complaints received from payors or recipients. However, this feature is not consistently used by staff to identify complaints. As a result, management may not have an accurate count of the number of complaints received or reasons for the complaints.

3.26 Management does not assess complaints to identify any ongoing issues or trends. This would allow management to identify performance issues and risks to the Program and could be used to improve services. A common theme identified in the complaints we reviewed was recipients expressing concerns with the lack of enforcement action taken to collect outstanding balances. This is consistent with the issues identified earlier in the chapter around the lack of enforcement taken by the Program.

Recommendation 3.4
The Maintenance Enforcement Program should set standard response times for complaints. All complaints should be documented, and a regular analysis completed to identify and address common themes and underlying issues.

Department of Justice Response: The Department of Justice agrees with this recommendation. Management will review the existing policy in place for complaints handling and assess timelines for complaint responses. Recent improvements have been made to the complaints process to increase management oversight, with a view to improved tracking methods and root cause analysis activities that could result in prevention and service quality improvements.

Staff Training and Development

There is no orientation process or training plan for staff

3.27 The Maintenance Enforcement Program does not have a standardized orientation for new staff or a scheduled training process for existing staff. Giving guidance and training to new staff is an important factor in the success of the Program, given the high staff turnover the Program has experienced.

3.28 Currently, more senior staff members guide new hires. While there are benefits to this approach, it does not ensure all new hires receive the same information. While an orientation program for new hires is in development, it was not implemented at the conclusion of our audit.

3.29 Established orientation and training programs for enforcement staff are needed to ensure expectations are clear and staff are provided with the

information and tools to perform their jobs. This can include training in understanding the Program's powers under the legislation, using the case management system, managing cases, communicating with payors and recipients.

3.30 Ongoing professional development for enforcement staff is also needed to keep skills current. The demands of the job can change over time and new training may be needed. While staff has training on a variety of topics, management has not developed a training schedule including the frequency with which training should be updated. Information gathered from management's oversight of staff, performance management, and quality assurance can also identify where more training is needed.

3.31 In July 2017, the Government introduced a fraud policy, including mandatory online training to be completed by all government employees. Maintenance Enforcement Program management indicated all staff have taken this training.

Recommendation 3.5

The Maintenance Enforcement Program should develop and implement an orientation process for new staff and a training program for all staff.

Department of Justice Response: The Department of Justice agrees with this recommendation. The orientation process already under development will be completed and implemented for new staff. An organizational development resource has been hired to develop and implement a training program for staff.

Staff Performance Management

Staff performance plans and evaluations are not completed

3.32 Annual performance plans and evaluations are not completed for staff. Under the Government of Nova Scotia's human resources policies, all government employees are to have an annual performance review. Management recognized the need for a formal performance management process and stated that this process will be implemented. Regular performance evaluations help the development of staff by identifying both strengths, and areas for improvement. If performance issues such as staff not enforcing court-ordered payments are not identified and addressed, it will negatively impact recipients who rely on these payments.

3.33 Until early 2016, managers completed monthly reviews of cases. They used a standard checklist and concluded if the staff member met expectations. While this does not replace an annual performance evaluation, it at least helps to oversee the work of staff. However, management indicated these reviews stopped due to a lack of supervisors.

Recommendation 3.6

The Maintenance Enforcement Program should implement an annual performance management process for all staff.

Department of Justice Response: The Department of Justice agrees with this recommendation. Enforcement and related performance metrics have been defined as part of the Department's business planning and were communicated to staff. Management will continue to build on this progress and further implement a performance management process for all staff.

Performance Indicators

Setting performance indicators for the Program has improved

3.34 Management sets goals for the Program as part of the Department of Justice's annual business planning process. They improved the goals by including measurable performance indicators. Examples are provided below.

- Increasing the percentage of cases in which regular monthly payments are made and outstanding balances are reduced.

- Decreasing the number of active cases with outstanding balances by 3 percent.

- Increasing the number of enforcement actions by 15 percent, including specific targets for different types of actions.

3.35 Management meets to discuss monthly and quarterly reports, and determines and follows up on action items that address risks identified during the meetings.

3.36 Senior management uses data to inform and support decisions. In 2016, management determined cases needed to be assigned in a way that allowed staff to become experts on a particular type of case, such as those with high outstanding balances and no ongoing payments. This would allow for a more focused approach to case management and enforcement.

3.37 Even though there are issues with monitoring and enforcing court orders, we found that management is making informed decisions to try and improve the Program's performance. As many of these initiatives are recent, we did not see changes in our testing results. We encourage management to continue to monitor performance and make changes as necessary.

Additional Comments from the Department of Justice

The Department of Justice has been providing an increased focus on the Maintenance Enforcement Program through continued improvements and supports, as well as specific objectives in the Department's Business Plan. While further improvements are required, many enhancements to process and enforcement activities have already been completed.

The Maintenance Enforcement Program results in over $59 million in payments to spouses and children each year, with a collection success rate of 87%. Arrears on active cases have been declining and are now at the lowest level in four years. Recent changes to the Maintenance Enforcement Act have enabled improvements to enforcement activities, resulting in an increase of 19% over March 2017.

We have anticipated some of the recommendations made in the Auditor General's Report and have already begun to take actions to address them and additional activities will continue through the 2018/19 fiscal year.

Appendix I

Reasonable Assurance Engagement Description and Conclusions

In May 2018, we completed an independent assurance report of the Maintenance Enforcement Program at the Department of Justice. The purpose of this performance audit was to determine whether the Maintenance Enforcement Program was adequately monitoring and enforcing court orders.

It is our role to independently express a conclusion about whether the Maintenance Enforcement Program complies in all significant respects with the applicable criteria. Management at the Department of Justice have acknowledged their responsibility for the management of the Maintenance Enforcement Program.

This audit was performed to a reasonable level of assurance in accordance with the Canadian Standard for Assurance Engagements (CSAE) 3001—Direct Engagements set out by the Chartered Professional Accountants of Canada, and Sections 18 and 21 of the Auditor General Act.

We apply the Canadian Standard on Quality Control 1 and, accordingly, maintain a comprehensive system of quality control, including documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

In conducting the audit work, we have complied with the independence and other ethical requirements of the Code of Professional Conduct of Chartered Professional Accountants of Nova Scotia, as well as those outlined in Nova Scotia's Code of Conduct for public servants.

The objectives and criteria used in the audit are below:

Objective:
To determine if the Maintenance Enforcement Program is adequately monitoring and enforcing court orders in compliance with legislation, guidelines, and policies.

Criteria:
1. The Maintenance Enforcement Program should have policies and procedures for the enforcement of court orders in compliance with legislation.

2. The Maintenance Enforcement Program should follow policies and procedures for the enforcement of court orders.

3. The Maintenance Enforcement Program should ensure enforcement activities are appropriately carried out in a consistent and timely manner.

<div style="border:1px solid">

Objective:

To determine if the Maintenance Enforcement Program has an adequate process to record, track, and respond to complaints.

Criteria:

1. The Maintenance Enforcement Program should have a process to record and track complaints.

2. The Maintenance Enforcement Program should assess and investigate complaints in an appropriate and timely manner.

3. The Maintenance Enforcement Program should monitor complaint trends to identify and address causes of complaints.

</div>

<div style="border:1px solid">

Objective:

To determine if the Maintenance Enforcement Program has an adequate process to support staff development.

Criteria:

1. The Maintenance Enforcement Program should follow a training schedule with ongoing professional development for staff.

2. The Maintenance Enforcement Program should have a staff performance management process.

</div>

<div style="border:1px solid">

Objective:

To determine if the Maintenance Enforcement Program has an adequate process to monitor program performance.

Criteria:

1. The Maintenance Enforcement Program should have a process to identify key performance indicators and goals.

2. The Maintenance Enforcement Program should regularly report against performance indicators and goals.

3. The Maintenance Enforcement Program should take steps to improve performance if issues are identified.

</div>

Generally accepted criteria consistent with the objectives of the audit did not exist. Audit criteria were developed specifically for this engagement. Criteria were accepted as appropriate by senior management at the Department of Justice.

Our audit approach consisted of interviewing management and staff of the Maintenance Enforcement Program, reviewing policy, examining processes for enforcement of court orders, and detail reviewing files. We examined relevant processes, plans, reports, and other supporting documentation. Our audit period covered April 1, 2015 to September 30, 2017. We examined documentation outside of that period as necessary.

We obtained sufficient and appropriate audit evidence on which to base our conclusions on May 10, 2018, in Halifax, Nova Scotia.

Based on the reasonable assurance procedures performed and evidence obtained, we have formed the following conclusions:

The Maintenance Enforcement Program is not adequately monitoring and enforcing court orders in compliance with legislation, guidelines, and policies.

The Program has a process to record, track, and respond to complaints. Improvements are needed to the complaints process to include a requirement for response times and identification of ongoing issues.

The Program does not have an adequate process to support staff development. Management has not implemented a process for evaluating staff performance or supporting staff development.

Management has a process for monitoring the Program's performance. Improvements have been made by including measurable performance indicators.