

HANSARD

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COMMITTEE

ON

PUBLIC ACCOUNTS

Wednesday, November 25, 2015

LEGISLATIVE CHAMBER

Office of the Auditor General
November 2015 Report of the Auditor General

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Public Accounts Committee

Mr. Allan MacMaster, Chairman
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Mr. Brendan Maguire
Mr. Joachim Stroink
Mr. Tim Houston
Hon. Maureen MacDonald
Hon. David Wilson

[Mr. Brendan Maguire was replaced by Mr. Terry Farrell.]

In Attendance:

Ms. Kim Langille
Legislative Committee Clerk

Mr. Gordon Hebb
Chief Legislative Counsel

Ms. Nicole Arsenault
Assistant Clerk, Office of the Speaker

WITNESSES

Office of the Auditor General

Mr. Michael Pickup,
Auditor General

Mr. Terry Spicer,
Deputy Auditor General

Ms. Evangeline Colman-Sadd,
Assistant Auditor General

Ms. Ann McDonald,
Assistant Auditor General



House of Assembly
Nova Scotia

HALIFAX, WEDNESDAY, NOVEMBER 25, 2015

STANDING COMMITTEE ON PUBLIC ACCOUNTS

9:00 A.M.

CHAIRMAN

Mr. Allan MacMaster

VICE-CHAIRMAN

Mr. Iain Rankin

MR. CHAIRMAN: Good morning everyone. I call this meeting to order, and I'd like to remind everyone to place their phones on silent so we don't have any interruptions.

We'll begin with introductions of committee members.

[The committee members introduced themselves.]

MR. CHAIRMAN: Mr. Pickup, perhaps you and your colleagues can introduce yourselves?

[The witnesses introduced themselves.]

MR. CHAIRMAN: Thank you. Of course today we have the Auditor General with us to discuss the Fall 2015 report. Mr. Pickup, please proceed.

MR. MICHAEL PICKUP: I would like to thank the committee for your interest in our work and for calling us here today. Of course this is a critical part of our system of accountability. We are here to help you in holding government accountable. We like, and enjoy, being called as witnesses on our report and on our work.

I want to thank all the departments that were under audit during this report; their co-operation remains essential to the work we do. I would also like to thank the approximately 36 people in our office, and the three people with me today, for doing these five audits which cover so much of what government does.

I don't have a lot of introductory comments. I will remind you at times - as I'm sure will my colleagues - we tend to stick to the report and answer questions related to the audit work we do. We don't attempt to frustrate you in some of our responses where we indicate that additional information is likely better provided by the department. So I'll just mention that from the outset.

I'm not going to do a summary opening. The report has been public for a week and we met with you last week for two hours. So that's it for introductory comments.

MR. CHAIRMAN: Thank you, Mr. Pickup. We'll begin with Mr. Houston for 20 minutes.

MR. TIM HOUSTON: Thank you for your introductory comments and for doing the report on these important topics.

First I want to start off with the Department of Education and Early Childhood Development. I notice that some of your goals for doing this audit were to consider how boards monitor and oversee educational outcomes - I know your conclusion was that they are not providing adequate oversight over these things. Also, it was to determine if the Department of Education and Early Childhood Development is providing adequate oversight and monitoring of educational services, and you concluded that the department has not met that standard either.

In considering those conclusions, my mind was thinking about a few different things as to how we can provide a better education to the children of the province and whether the boards and the department are kind of acting on things to provide that. One of the things I was thinking about was the actual learning environment, the actual set-up of the schools in the way that the schools are, how welcoming they are to students, let's say.

I know in my constituency of Pictou East, there's a situation happening right now at Pictou East Middle School where they had a full-time custodian retire. Instead of replacing that full-time custodian, the board has decided to rely on nighttime custodial services, but the union contract says that a custodian can only deal with so much square footage. So the board is actually closing things like the learning center at the school - all to pigeonhole things to get around spending less on custodial services. To me that seems to be adding to the detriment of the students and really degrades the learning environment.

Through the course of your audit, I wonder if you came across any situations, any types of analyses that may have been done by boards that said that if we trim this or cut

this, this is how we can save a few bucks, particularly around spaces that I think should be available to kids like libraries and learning centers. Did you come across any types of analyses at the board level over those types of things? Anything specific to that school would be of interest to me, obviously, but even in general? Did you come across anything where that type of analysis is being done?

MR. PICKUP: The scope of this audit was very much on the oversight of educational results so the types of things that you are looking at - for example, financial analysis, budgeting - wouldn't have been part of the scope of this audit.

MR. HOUSTON: So, you did some work around what they call continuous school improvements - goals of always making the learning environment better. To me, this is the type of thing that is absolutely contrary to continually trying to make an improvement to school environments. I think it's degrading them. So, in that context did you have any thoughts on those types of situations where these aren't making our schools better, these types of board decisions? What are your thoughts on that?

MR. CHAIRMAN: Ms. Colman-Sadd.

MS. EVANGELINE COLMAN-SADD: We did look at the continuous school improvement process but very much that process is a framework that the department has that looks at monitoring student progress so it's looking at things like for example, the school might have a numeracy goal and some strategies for how they are going to achieve that so it wouldn't get into some of these areas that you are referencing.

MR. HOUSTON: So it's not a consideration of the boards, how the actual learning environment is structured and how it may be more conducive to learning. That's not really something you thought boards are considerate of, in your experience or through the course of this audit?

MS. COLMAN-SADD: It wasn't part a focus of the audit so we were very much looking at how they monitor educational outcomes and whatnot and what boards knowledge is of that and the oversight of that, so it wasn't part of the focus of the audit; it wasn't something we would have looked at.

MR. HOUSTON: It's definitely something that the boards should be considerate of. I know another school in my area, Dr. W.A. MacLeod School - it was under construction last year, not in the summertime but in the wintertime when school was in; there was lots of construction being done. Now at that very school this year, the kids can't play on the playground. The playground has been closed for about a month and I think that that's a real disservice to kids.

That's why I was curious in the context when I was reading your work around continuous school improvements, if the boards really have their minds open to what that

means, and it sounds that they really don't. It's quite a narrow focus on how they would see improving schools as to how a layperson would see improving schools. It's kind of a general comment - I don't know if you want to respond to that.

MS. COLMAN-SADD: Again, I don't want to give the impression that I think or that the office thinks that the boards focus in that regard is narrow because we didn't look at that; that wasn't part of the focus of the audit. Continuous school improvement process is really about monitoring student education processes. It's a specific program that the Department of Education and Early Childhood Development has that boards and schools are responsible to implement.

We did look at that in a number of schools but again, it would have been with the focus on what the learning outcomes are that they are looking at. I think you're looking at continuous school improvement as covering a very broad area, whereas it is a very specific thing that probably has a bit of a narrow focus. There may or may not be attention in those other areas - I don't know because it wasn't part of what we looked at.

MR. HOUSTON: I was thinking about it in the context of, if you're going to monitor student outcomes - which we of course know from this audit that it's not being done very well, sadly - if you are going to monitor student outcomes, then you should react to what you find. I think that's a good place to look for making sure that environments are better structured for learning and these are a couple of areas that are really falling down and I hope someone starts to look at them.

Through the course of your audit, would you have come across anything around the capital budgeting process? We have a capital budget that comes out around this time every year for what schools would have additions and alterations or new schools. Would that have been anything that you covered as part of your audit? You wouldn't have done that analysis?

MS. COLMAN-SADD: No, that wasn't part of the scope of the audit.

MR. HOUSTON: In terms of the IPP programs, you found in your audit that boards don't receive or review progress reports for students on IPPs. I think that's a fair summary of your finding there, that they don't receive or review any reports on that. Did the board look at the extent of differentiated instruction that's actually taking place? I see you had a chart in your report that said a certain percentage of children in these three different boards were on IPPs and stuff. Did you see anything in the course of your audit where there was any review of that number by the board? Was that what they expected in terms of how many students should be receiving differentiated instruction? Was it higher, or was it lower? Or did they just get the number and say, that's the number?

MS. COLMAN-SADD: There really isn't a whole lot happening at the board level in terms of IPPs. IPPs are, by definition, individual to each student, so what we were

looking to see was if there was some overview information coming to the board level that would say, are students generally meeting these or not, that sort of thing. Generally speaking, there just wasn't very much information about IPPs coming to the board level at all.

MR. HOUSTON: To me that's wrong. I don't think that's fair to the students. I think the board should be paying attention to these types of things and want to improve that. Do you have any sense of whether the board was failing in that aspect, or is that just the way it is?

MS. COLMAN-SADD: Recommendation 2.6 on Page 21 of the report speaks to the need for all three of the boards that we did audit work at, to receive and review reports on student progress including individual program plans.

MR. HOUSTON: This is kind of a general question at first - are you happy with the responses you got from the boards?

MR. PICKUP: The first part I am happy with is that the three boards agree with the recommendations. Having said that, we don't give an advance ruling, if you will, in terms of, yes, this will meet it, or the probability of this being implemented. I think the first step is encouraging that the recommendation is agreed to. But the most important thing, I think, is accountability around these organizations actually implementing what they've agreed to do on a timely basis.

MR. HOUSTON: They've agreed with them. I do think we see that as a pattern, that most departments always agree with your recommendations. They rarely actually do anything to change it.

But in terms of the responses that came back this time, they agreed. That's good. What they've said they're going to do to fix it - are you generally quite happy that that will actually address it? What's the process when you get that? Once they say what they're going to do, is that okay?

MR. PICKUP: Generally, the process in terms of responses to the recommendations is that we give a certain amount of time near the end of the audit to see if the organizations that we audit agree with the recommendation, and then they get a chance to put in the response. Here, they give a response. However, we don't pre-audit, if you will, what the response is. We generally accept their response as it's written in a fairly confined space - you see a paragraph of seven or eight lines - we'll give two years for the entities to implement the recommendations, and we will come back in two years to see if these have indeed been implemented.

MR. HOUSTON: That's fair enough, but I think what I'm coming to as I read some of the responses - I actually feel like in many cases, and this is certainly not meant to be a

reflection of your department - in this particular report, the school boards are dancing around the recommendations. I've got a couple of examples, but I'd like to share one with you.

If I look at your Recommendation 2.6 and if I look specifically at Chignecto-Central's response, in their response, in their second sentence, they say, "Summarized assessment data, including provincial, board, or school-based results," when I see something like "or school-based results", that should say "and". I guess when I was reading these I was reading their responses and I was thinking to myself, if I was an elected school board member and I was going to receive information from these school boards, would I be able to understand it, particularly in the right context?

A response like that suggests to me that the school board leaves the door wide open for themselves to pick and choose - the "or" part leaves the door wide open. That's why I was curious how you accept the responses. I presume you don't have much ability to say to them that's not good enough. This is just kind of a blanket question - I can see them getting cute in their responses, let's say that, and I imagine you probably see them getting cute in their responses too. I'm wondering, are your hands kind of tied on that?

MR. PICKUP: We would work with entities to the extent that we can in a fairly short period of time say okay, and we would encourage entities to try to make their responses to recommendations specific, to make them something that people can hold them to account for.

I think at the end of the day the work we do to promote economy and efficiency and effectiveness is generally well-received by the entities that we audit. I encourage entities directly and indirectly through my colleagues, that if you don't agree, have the discussion so I don't think it's a question of not agreeing. If it's going to take time to implement, don't be afraid to put those stages in there.

MR. HOUSTON: Because this is unique - you have the department, you have the boards, and you have the schools - this is a unique situation. Maybe I'll ask another question. Presumably the Department of Education and Early Childhood Development must have had some reaction to your findings of how the boards were operating, is that a reaction they would have shared with you? Were they surprised by your findings with how the boards are operating, the Department of Education and Early Childhood Development?

MR. PICKUP: The Department of Education and Early Childhood Development would formally respond to the recommendations that are addressed to them. So we try to very much respect the governance process that is in place with the department having a certain role, the governing boards having a role and management having a role so I wouldn't look to the Department of Education and Early Childhood Development, for example, to respond to a recommendation to a board.

MR. HOUSTON: Even informally? Because the board is subordinate to the department, I think this is part of the whole problem with what we see, right? The department is relying on the board to fulfill some duties, and I think what this report shows is that those aren't always being fulfilled.

As the boss of the boards, I would think the department would be disappointed. Is that something they would share with you, either informally or formally? You're saying the formal mechanism is not for you to ask them about the board's responses, but maybe it should be.

MR. PICKUP: I wouldn't speak for the department, or for the minister as head of the department. I'm comfortable that the reaction to all the recommendations within this report are well-received and are respected as adding value and wanting to be addressed by anybody I have met with, respecting the governance model that we have.

MR. HOUSTON: From your experience with, I guess, a couple of different audits now, what can you tell us about the culture that exists between the department and the boards? Is there a good, strong working relationship there? What have you observed about that relationship?

MR. PICKUP: I think the important thing for me is to stick to the specifics of how we looked at that relationship in terms of the audits that we did and the respective roles of people within, keeping in mind the number-one goal here in terms of doing this audit is, at the end of the day, what is the oversight of educational results? It's not necessarily about the culture itself.

So the example I would give you would be in here in the role of the regional school officers of the Department of Education and Early Childhood Development and the role that they play between the department and the school boards. We made a recommendation around that as to how that can be improved.

So I think it's better for me to talk about specific examples of things that can go better under this governance model than generalizations or things that aren't related to the audit, in terms of things like culture.

MR. HOUSTON: Fair enough. So in looking at the number of ways you said it can go better, I should reach my own generalization about how it's working, I guess, and I accept that.

I know I'm a little short on time here, two minutes, but in this round I would like to just ask an initial question about the funding to universities. The government removed the cap on the tuitions that the universities could charge. I know one day in Question Period here last week, to a rather thunderous applause from her colleagues, the minister tried to say that they didn't uncap tuitions, but there are quite a few students around the province

that have a different assessment of whether the cap was removed or not. We all know the reality of that.

I'm wondering, through the course of your audit, you may have seen any work papers prepared by the department or any university that showed how much revenue they could raise from an uncapping of tuitions and whether that analysis was put into context of how that will help the overall financial position of the universities. In other words, did they do analysis as to how much more money they could bring in from tuitions and how that fit into the broader scheme of their financial troubles, or did they just say, go for it?

MS. COLMAN-SADD: One of the aspects of the memorandum of understanding between the province and universities related to tuition. In terms of looking at that, our work was limited to what they did underneath that memorandum of understanding, and so that involved setting standard tuition changes and whatnot. So at the point in time, when we did that work, that's where that situation was and that's what we would have looked at as part of our work under the memorandum.

MR. HOUSTON: I think I'm out of time, Mr. Chairman.

MR. CHAIRMAN: You have about 25 seconds if you want to use that period of time.

MR. HOUSTON: I think I'll pass my 25 seconds.

MR. CHAIRMAN: We'll move to Mr. Wilson of the NDP caucus.

HON. DAVID WILSON: Welcome back for the second week in a row. I appreciate the work that your office has done with these chapters because I think they touch upon a number of extremely important services that Nova Scotians rely on. Having a review of what's going on and how government can improve the service is extremely important.

I want to start with Chapter 2 around the school boards, governance, and oversight. You have some strong comments on the findings in the audit, and the one that stands out the most to me when I read through the report was where you indicated that school board oversight is lacking in the audits that you'd done - and I realize you did three regional school boards.

Who is ultimately responsible to ensure that the school board oversight is robust or is adequate? At the end of the day, who is ultimately responsible to ensure that oversight is appropriate?

MS. COLMAN-SADD: The governing board obviously has a role to play in ensuring that there is appropriate oversight. In the instance of school boards, the Education

Act does define them as accountable to the minister at the end of the day, so there is an accountability relationship there.

One of the things that we identified in the report is that the Education Act creates a conflicting accountability for a board in that accountable to the minister and accountable to the electorate. There's a conflict there, or a potential conflict, that we've highlighted in the report. Certainly as a governing board, they should be making sure that their oversight is adequate.

MR. DAVID WILSON: Thank you for that because I think at times it is difficult to distinguish exactly where that should lie, where we do have two levels of government really. I know over the last 12 years as an elected official, many people bypass the reality that we have elected school board members but ultimately the governance of that lies with the government and lies with the minister. I think that's why it's so important to ensure that we have appropriate and robust oversight with the school boards when you do have that.

Through your report, some of the things that stand out do concern me, especially around one of the findings that there were times when the minister or the department withheld information from those elected school board members. I believe that is something that needs to be corrected immediately.

I know we asked the minister in Question Period on this and we'll continue to try to find out more information on when it's appropriate for a minister or a department to withhold information. Would you have a comment on that? Is there a time when the department should be withholding information from the elected school board members?

MS. COLMAN-SADD: As indicated, there are instances in which the department is setting embargos on information. The recommendation we have made in here is that the department needs to very clearly establish some direction around that so that school board management know what they can and cannot share and what the parameters are around that. Right now there have been some longer time periods where information was embargoed and some of those might be, for example, instances where there are preliminary results and they are still finalizing them and so they are perhaps not entirely ready for release that they might share them with a superintendent level or something like that.

Really what we're getting at in here is that there needs to be very clear direction around when that's going to take place and certainly time periods covered by the length of the embargo should definitely be restricted as much as possible and shortened as much as possible. You don't want information with board management for months that the governing board can't access.

MR. DAVID WILSON: Are you satisfied with the department's response on that? Maybe that's early to ask but I'll ask it anyway. Are you encouraged that they will take

your advice and implement more of a structured governance or oversight, especially with embargoed information? I mean that should be concerning to people to know that some information is being withheld from elected school board members who are ultimately there to represent a district within that school board.

Are you satisfied at this point, (1) with the response they gave you, and (2) that you are confident that changes will be made to improve that situation?

MR. PICKUP: A three-part answer to that question. The first part is, if you look on Page 14, I think the response was fairly specific in terms of actions and in terms of referring to what happened on October 8th and what happened on October 9th. That was a very positive step.

Also in that response, there was indication that the department is examining the option of a standard embargo period. So as with any of our recommendations and the response, we hope that will happen sooner rather than later. The third part of my answer would be, as I mentioned earlier, in any of these responses we hope for things that are specific and detailed but we don't give an assessment of the probability of these things happening or, based on the amount of detail given, whether it would fully meet the recommendation.

MR. DAVID WILSON: On the first page of your audit in your finding, you said what we found in our audit, one of the statements here that stands out is one that indicated the department has not set clear expectation for school board performance which I would assume lead into or have an effect of the performances of the students. Am I correct in saying that if the department has not set clear expectations for the school board, that the expectation on our students would be hurt also if that is not defined right at the start? Am I correct in saying that, or would you agree with that?

MR. PICKUP: What I would agree with, if you refer to Page 11, we are fairly clear indicating that the department has not developed performance expectations for school boards and the only the evaluation of student educational achievement is the provincial assessment process. So we've made a very strong and clear recommendation that we think performance standards need to be met, and then I would draw your attention again to the summary page in the chapter on Page 9 where we list all of the school boards across the province, across literacy and math for Grades 3, 4, and 6, and the results that are there.

MR. DAVID WILSON: If I'm correct, and I have kids in the school system, the provincial assessments aren't done in every grade - correct?

MS. COLMAN-SADD: That's correct. There are certain assessments in certain grades like Grade 3, Grade 4, Grade 6 - it varies. Sometimes it's a literacy and numeracy; sometimes it might be one or the other.

MR. DAVID WILSON: So, that should be a concern because if there is an area where a student is having difficulty, it may be a couple of years before a provincial assessment will shine some light on the curriculum, if that's where changes are needed. I would assume, with the audit that's why the comment was made that the government is not meeting the goals of the Education Act - and that's another strong statement that I read in this chapter. Could you just maybe expand a little more on that, the reason behind that statement, that the government is not meeting the goals of the Education Act?

MS. COLMAN-SADD: You are correct, it does relate to the matter on whether or not performance expectations have been established. The department is responsible to develop the curriculum, but also responsible for the delivery of ultimately how educational services are, again, delivered throughout the province. Without performance expectations, when provincial assessments are done, what's a good result on those? One board may have done better than the other, than say another board, but perhaps the bar should be higher than what either achieved, or perhaps they both met the bar. So in the absence of targets, boards really don't know what it is that the department expects them to achieve.

MR. DAVID WILSON: I know you only had the time and maybe the resources to do three of the school boards, but could we speculate that you would have found similar findings with the other boards, if you had the opportunity to review all the school boards in the province?

MR. PICKUP: With the addition of these three school boards and the Tri-County School Board last year, we probably have covered off roughly about 68 per cent of students. We won't try to project these or extrapolate these to other school boards, but some of the recommendations in here relating to the department would stand, so adding more school boards wouldn't make a difference. We would hope that any school board across the province who wasn't part of this audit would look at the results of this audit and see what they could do.

I would also suggest that in relation to results, if you look at the summary on Page 9 a year ago we were here to talk about Tri-County and we had produced and presented a 2013-14 results. This summary presents the 2014-15 results for Tri-County as well which would make for an easy comparison on those educational results, some of which probably - if you're looking for a percentage increase - didn't go in that direction. It went in the other direction.

MR. DAVID WILSON: We appreciate you providing those charts, even though it was outside the scope of your audit. Those numbers are important, and I think parents who have children in that school board would definitely want to see the government move in the direction that would hopefully improve outcomes.

Oversight is extremely important, as we've just heard. Within the department, I believe - and you've talked about it on Page 12 of your audit, the fact that there are regional

education officers. I believe there's five of them - there was indication that there were five regional education officers. Are you able to tell us if all five of those positions were filled when you did the audit, and are they currently filled? Is there any vacancy that you're aware of?

MS. COLMAN-SADD: To my knowledge, at the time we did the audit they were filled. Whether or not there are any vacancies at the moment, I couldn't speak to, because of course, we finished the audit a little while ago. At the time we did the work, they were all staffed.

MR. DAVID WILSON: I think I asked this when we met last week in camera - who do they report to? I don't recall the answer. Would they report to the minister, or would they be housed within the department, or are they out somewhere within the regional school board, maybe? Do you know if they're in the department? Do they report to management or senior management or the deputy or the minister?

MS. COLMAN-SADD: The REOs are housed within the department, although they certainly do spend time out in the boards as well. For example, they will often attend board meetings. Certainly at all of the board meetings that I attended as part of this audit, there was always an REO there. In terms of who they report to, I couldn't recall last week, but I have since checked. They report to a director or executive director level, depending, in the department.

MR. DAVID WILSON: Did you come across, or did you look for, a job description? I would think if you have regional education officers who are liaisons between the minister and the school boards, their job description should be important. It should be known. Maybe that's part of the reason why we're not seeing an effective oversight. Did you come across that in your audit? Or was that not part of the audit?

MS. COLMAN-SADD: We would have looked at their job description as part of it, but we haven't reported the details of that. What we have talked about in the chapter is the fact that it's not clear how often they're to report to the department, and that sort of thing. I guess frequency of reporting isn't a level of detail I would necessarily expect to see in a job description. It's a level of detail I would expect to see more in the operational processes outside of that. For the REOs, there's definitely some work that's needed in that area.

MR. DAVID WILSON: Hopefully that will help with that oversight. I know I'm running out of time, so I'm going to stay on this, and maybe in the second round we'll be able to get into some university questions.

One of the areas that was also alarming to me was around the examination of drills - fire drills and lockdown drills. You had provided a chart in the audit. All your recommendations are important and should be looked upon as something to implement as

quickly as possible. But that one stands out for me, having kids in the school system today. I would hope that the school that they attend is following the rules and is adequately educating our students on what to do, especially in today's atmosphere.

I think I mentioned this last week - I recall it wasn't in the school itself, but Cole Harbour High had a lockdown recently because of an alleged shooting the next street over. Are you confident that they responded adequately and quickly enough, and that we shouldn't be waiting for two years for your next update to make sure that that aspect of your audit has been addressed by the minister and by the school board?

MR. PICKUP: An important part of this recommendation lies in the response as well. When the information in that summary table on Page 47 became clear to us, we communicated our concern around this with the department. Given the timing that it was within the first 10 days of school, as they indicated in their response, the department reached out to the superintendents and shared this information with them and notified their staff to direct schools to complete and record a fire drill within, for example, the first week. That is one aspect of this. This covers a number of things.

We did not, as part of this audit, go back and make sure that was actually not only communicated, but actually done which is probably the more important part. I think that's a fair question for the department as the ones who sent out the information.

MR. DAVID WILSON: Thank you, I appreciate that. Going quickly to the university funding, there seems to be a constant theme when you did the audit with the school boards and universities where you indicated that Nova Scotia universities - the findings with the university funding is that it needs updating and more accountability. Maybe a quick comment on why you indicated that the accountability was lacking with university funding. I believe you may have even said university fund - actually, I'll leave it at that one and then I'll come for my second question.

MR. PICKUP: As a quick answer, I would probably refer you to Page 51 where we found that the department was not regularly monitoring the financial health of the universities and that the funding model has not been updated in some time.

MR. DAVID WILSON: Yes, I was trying to find the statement; we have a lot of paperwork in front of us when we're trying to do these. The comment was that most university funding is provided without any accountability. Are you satisfied with the reaction of the government and their commitment to try to change the accountability with regard to the university funding?

MR. PICKUP: Our recommendations are fairly specific in here and have been agreed to by the entities. Having said that, now the important part is seeing the recommendations implemented. So to the extent they are implemented in a reasonable way on a timely basis, therein will lie the answer, and I cannot at this point give an advanced

probability of this being implemented on a timely basis, but I think it's a great question for the departmental officials.

MR. CHAIRMAN: We'll move to the Liberal caucus and Mr. Rankin.

MR. IAIN RANKIN: I do want to ask questions on the education component. I think there are some good questions today on the accountability and how the system works, but it should be recognized that the department is concerned and that was the impetus behind asking for this report to be conducted. So there is some information and I would be interested to see how the committee can support seeing these recommendations through.

I guess my first question is, when you say that the department is not clearly defining the role of the school boards or meeting its responsibilities under the Education Act, do you see that the Act itself needs to be better defined or is it actually the implementation of the Act itself? You do speak around the Act and I'm just wondering, what mechanism is there? Is there something within the Act that you think would provide better certainty and predictability?

MR. PICKUP: The government could clarify the accountabilities under the Act, if they chose to make sure that the roles and responsibilities are fairly clear. But most of the recommendations that we make are under the current situation that we have and wouldn't necessarily take legislative change to put in place.

MR. RANKIN: Did you look at other provinces and how they implement their Act or is that outside of the scope?

MS. COLMAN-SADD: We would not have looked at other provinces; we wouldn't have any mandate to look at those. You have to be very careful when you just look at information in terms of what's available on the Internet because things can be portrayed in a positive light, but if you actually delved into it you may find shortcomings and issues. So it's risky to do that.

MR. RANKIN: There are different boards doing different things and there are positives out of some and they are not present in other boards. In terms of sharing those best practices, is that a department role to ensure that there's information-sharing between the various boards?

MR. PICKUP: The answer to that has a couple of parts. I think ultimately the response is related to the governing model that we have in Nova Scotia. I think ultimately boards have a large chunk of the responsibility here to implement these recommendations and for boards that haven't been under audit, to look at the results of this audit and say, how can we do better, how do we know where we stand?

Of course having said that, the department has the role here as well and if you look at, for example, the recommendation related to the drills, education, the department stepped in and communicated with the superintendents of the school boards just in terms of efficiency, I think in terms of getting the information to them on an easy basis.

Often our responses, I guess, are not simple, in terms of the actions that are needed because it reflects the system we have.

MR. RANKIN: You mentioned the regional education officers - that they're basically underutilized and how the job description is not defined, as mentioned earlier. Are there other positions that you feel are underutilized? I know you didn't go through detail into the department but I'm just trying to figure out where there could be strengthening of the effectiveness of that delivery.

MR. PICKUP: I think the effectiveness of the delivery is really about the recommendations addressing shortcomings in performance. I would say the recommendations in some cases apply to the boards, in some cases they apply to the department, and in some cases they apply to management. I would keep the response to that in the context of what we looked at and fairly specific and addressed really to 10 key observations/recommendations to address areas that need to be improved.

MR. RANKIN: Do you feel like there are too many school boards, or are you not going to make an opinion on it? It seems like there are 10 with over 100 elected people and maybe that in itself is hard to control.

MR. PICKUP: We audit, of course, under the governance scenario that we have. It's not for us to determine how many school boards there should be. We say how it can be improved, given the structure we have and the way things work.

MR. RANKIN: You mentioned something about more reasonable time frames for that communication. Do you have any specifics on what you feel is a reasonable time frame?

MS. COLMAN-SADD: Is that in relation to the embargo? Sorry, where are you referring to there?

MR. RANKIN: In the overall conclusion, in terms of sharing information with the boards, you state there should be more reasonable time frames. I am just trying to narrow down into the specifics of what would be reasonable.

MS. COLMAN-SADD: We haven't stated exactly what we think the time period should be but, for example, with the issue of the embargoed information, there were instances where a number of months went by where the board management would have that information and the elected board would not. That seems like a really long time. What

we said to the department is, look at what a reasonable time frame is, why it's embargoed, and how quickly you're able to get it out to the board. I know their response speaks to the use of in camera meetings, which can be helpful.

If it's okay, I would just like to clarify something from earlier. A couple of questions ago, you mentioned something in relation to the REOs. I think you said, and I'm not sure if I heard you correctly - you referred to me saying that the job description wasn't defined. I just want to make sure that's clear - there is a job description. The issue we had with the REOs was that, in terms of how the position is used, there's probably a lot of opportunity to better use the position in the relationship with the boards. For example, things like how often they report to the department are not defined. That's not really a level I would expect to find in a job description; I would expect that to be more in operational processes within the department. I just want to be clear that I'm not saying they don't have a job description.

MR. RANKIN: Yes. These are broad recommendations, so is it up to the department ultimately to create an action item list to address the communication barriers and the whole governance issue? So it would be up to the committee to ask the department to look at how they're going to address these issues?

MR. PICKUP: In general or just in relation to the REOs?

MR. RANKIN: In general, but specifically how the recommendation did define and communicate responsibilities of the board management, governing boards and the department. To me, that should be narrowed down into a concise list of exactly how that's going to work.

MR. PICKUP: What we have done in the recommendations is direct it to the group that we think should be responsible. If you look at Recommendations 1, 2 and 3, they are directed to the department. Then as you get into Recommendation 2.4, for example, it is that management within the school boards. Then we have recommendations that are addressed to the governing school boards themselves.

MR. RANKIN: Thank you.

MR. CHAIRMAN: Mr. Stroink.

MR. JOACHIM STROINK: I want to go back to the education and kind of follow up on my colleague from Pictou East - primarily on the IPP stuff. I guess I just want to walk through that part of the report.

One of the things that I want to get a handle on - I'm looking on Page 20 at the numbers that are associated with the three boards: Chignecto-Central, Halifax, and the Strait. Of the kids that are on IPP, on average - the Strait is 6.8 per cent, 5.2 per cent in

Halifax, and 5.3 per cent within the Strait system. I would assume the majority of those kids - and this is a fair comment and I'm trying to discern the numbers here - would be on the struggling end of the spectrum in the schools. They're on IPP because they're not succeeding in the school. Is that a fair comment to make on those numbers?

MS. COLMAN-SADD: Yes, I think it would be. That's certainly what anecdotally we would hear when we're talking with the boards.

MR. STROINK: From there, looking at your report, a child who ends up on IPP right now - without any follow-through or any direction of what the end goal is, there seems to be no end goal within the IPP. Once a child is on IPP, you're there. Is that a fair analogy to make?

MS. COLMAN-SADD: We would have looked at IPPs as part of doing this audit, but I really can't say whether or not there could be all kinds of IPPs out there that have goals for the students to get back on the regular curriculum. I don't know. We wouldn't have looked at a tremendously large number of IPPs. Typically we would look at maybe 20 to 30 and those are so individual that I don't know that we would have a good sense from that of whether or not there are a lot of goals out there. We were really looking at what kind of information the board is getting on IPPs and if they know - at more of an umbrella level - whether or not those students are progressing as they should.

MR. STROINK: I guess that's where I'm kind of going - 2.40 in your report, the second sentence, "We expected governing board members to have information regarding the number of students on individual program plans, existing trends, issues of concern, and how these students are progressing against their individual goals."

To me, the boards are not getting that information - aren't.

MS. COLMAN-SADD: That is correct.

MR. STROINK: What I'm trying to get at is that once a child is on IPP, they're kind of stuck there; that's what I'm understanding based on this report. I guess that's a problem that I see within the school boards. If there is no communication from the teacher to the principal to the school boards, then the child is set up for failure.

MR. PICKUP: What we are laying out here is that students on individual programs - perhaps at the school level with the instructors with the school management, they may be assessing progress. What we are focusing on here is that at the board level, part of the board's job is to hold management - the people working for them essentially - accountable. How do you hold people accountable for producing results, those results being progress, if you don't have the summary information to know whether these people are indeed progressing?

I want to focus on that being point verses what is happening with an individual, with perhaps the instructor, or within a school or a little more broadly than that. It's really about the people who are governing at the board level knowing if this is successful and if not, what are we going to do about it?

MR. STROINK: I guess that's what I'm thinking when I look at these numbers. It's sad in a way because there are too many cooks in the kitchen and I think that if this was managed at the principal level, there would be a bigger chance for the child to succeed. On a board level, they have to manage all these schools and there are so many boards that again, there's another mechanism for set up for failure.

MR. PICKUP: I would hope that at a board level, what would happen would be that a board would get summary information for the schools within their board - which doesn't have to be 500 pages - on how students are doing. Are 80 per cent of our students making their individual achievements as laid out in their plans? No, we're at 10 per cent? Okay, who are we going talk to about this? Why is this happening? What do we need to do differently? Maybe the goals and plans that are set need to be tweaked.

In the governing structure that we have with 4,000 students on IPPs in these three school boards, we feel strongly that this has to be happening at a board level so they can answer to how are these students doing.

MR. STROINK: That's fair. I guess that's what I'm trying to pull out of you is, with this governing system right now that we have, do you feel that the boards have a role to play in this? What I'm trying to get at is, if you have too many cooks in the kitchen you're not going to get the goals done, right? If you can manage this IPP within the school system, within the principal system, then there is a bigger chance of getting the child to succeed than it is to go up to the board level; one more level of bureaucracy. This is about the child getting off IPP, about the child progressing further. I'm not sure that the way it's set up here that they have that chance.

MR. PICKUP: The structure that we have and the way that this is supposed to work is that for IPP students just like the rest of the students, the ones who are ultimately supposed to answer for this are the boards. I would even go back to say I would put IPP - say yeah fine, they don't do provincial assessments but I would ask the same question. If you're looking at Chignecto-Central and 69 per cent of students hitting Grade 6 math on the provincial assessments, I would go back to the board with the same question as I would on IPP's where they don't get at the information. Under this structure, they are the ones responsible for the success and for the achievements. What are they doing and what do they know?

MS. COLMAN-SADD: I just want to add - and I may be misunderstanding where you are going with this, and if I am please feel free to tell me that. With regard to the IPPs, really what we're getting at for the board is very much a summary level of information.

We're not suggesting, for example, that a governing board should be looking at whether student A met the goals, or whether student B met the goals. Very much that level of detail would be brought out at an operational level - at a school. That's absolutely where we would expect to see that is at a school level.

It's the same thing with provincial assessments for students that are on just a regular curriculum. It's really about a board having a higher level of information and knowing some of the examples that Mr. Pickup used - are 80 per cent of the students, or 90 per cent, or is it 50 per cent of all the students in an individual program plan who are meeting their goals? So it's really about rolling up a summary level of data and that's an appropriate level for a governing board. Outing the details of which specific students would definitely not be an appropriate level for a governing board.

MR. STROINK: Thank you for that because I was worried that they're micromanaging the IPP's out of that level.

The other piece of this, and I don't know if you've looked at this - at the school level, if IPPs are being used as an escape route for kids who said, you know what, we're going to put this child on IPP because we just can't manage that person. Maybe that person still can succeed on the normal path, but it's just an easy solution to put him there. I guess that's what I'm trying to understand, too - out of these numbers, is there any tool or mechanism to see how many of these kids actually need to be in IPP?

MR. PICKUP: We did not, as part of this audit, look at the integrity of the IPP system in terms of whether somebody should or shouldn't be. I think those are the types of questions that you would put to a board, for example. In this case, we gave you three examples of boards with a certain number of students on IPP, but again, that question should go to the board.

MR. STROINK: Thank you very much.

MR. CHAIRMAN: Ms. Miller.

MS. MARGARET MILLER: How many minutes left?

MR. CHAIRMAN: You have about two minutes left.

MS. MILLER: I'd like to change sectors and talk a little bit about natural resources. In my past life, my husband and I had a forestry business, so when I hear \$5 million in stumpage fees for the province, it's a little bit worrisome. I'm just wondering if you have any idea of what the process in place is. How do they evaluate stumpage? Is it on an honour basis? How does that work, and where do they get that number?

MR. CHAIRMAN: Mr. Spicer.

MR. TERRY SPICER: The stumpage fee is on an honour system, so operators will send in what they call quarterly stumpage returns. Basically they will say, this is how much we've harvested on these plots of land, and they have a stumpage fee that they apply. They do that on an honour basis, and those things are paid.

In our report, one of the things we highlighted was that we thought there were some control weaknesses in there, in how the department was able to look at those and see whether those amounts were reasonable or not. We made some recommendations on how they could improve looking at them, doing some inspections, and making sure that the stumpage fees that the province is getting are reasonable.

MS. MILLER: And did you find that they were reasonable, or have you gotten to that point yet? How many acres did this entail for the \$5 million? Do you have some sense of what the expectation was?

MR. SPICER: I don't have the number of acres that would have applied to. As far as reasonableness, we did do some testing on the stumpage returns that we looked at. It's extremely difficult for us to know whether they are reasonable or not, because we can't go back in the field and do the inspections and stuff like that.

We did do a little bit of analysis to see whether they were in line with what the annual harvest plans would have been, and we didn't see any huge anomalies with respect to that. But it is something that I think the department should be doing to make sure that on a global basis these things do appear reasonable.

MS. MILLER: Also, if we have time to talk a little bit about . . .

MR. CHAIRMAN: Order. I do apologize. I'll have to stop you there, but you can go at it in the next round. We'll move back to Mr. Houston for 14 minutes.

MR. HOUSTON: I do want to go back, if we may, to the IPPs; I think my colleague from Halifax Chebucto is spot-on in a lot of his concerns there. I wanted to go back because the board is not receiving adequate information about students on IPPs, let's say. I guess they would probably say that's because they don't have the resources. Would that be a fair summary? I think if teachers had more resources in the classrooms, they could do more for the students who are on IPPs.

Is that something that came up? Did the board say, well, we don't have much information on IPPs because we don't have the manpower to focus on that? Or is it just something that they really didn't seem that interested in getting the information on?

MS. COLMAN-SADD: For me, the sense I have of the lack of summary-level information coming up on IPPs relates much more to the fact that they are all individual. If somebody does a Grade 3 provincial math assessment and it's based on a standard

curriculum, you can look at, say, 80 per cent of the kids met the outcome on that, or 60 per cent did - is that good or bad? The IPPs are all really individual, so I think perhaps some of the boards struggled with what summary information looks like for something that is so individual.

What we talked to them about was the fact that you could still get information, generally speaking, on whether students on IPPs in your board are achieving the goals of the students on IPPs. You don't need to get into the details necessarily of what those goals are to know whether or not most of them are meeting or most of them are not meeting and then going from there and looking at that.

MR. HOUSTON: Who should be responsible for making sure that students on IPPs are getting the education that they deserve - the teacher, the principal, the board, or the department? Right now, everyone's kind of pointing fingers at each other, I would say. Somebody needs to take responsibility for this. Who would you suggest that that might be?

MR. PICKUP: I would suggest, as our recommendation indicates, that while many people have responsibility, the boards ultimately are responsible for the oversight of education. So they need to get information similar to the point that we make in terms of educational results for students not on IPPs as well.

MR. HOUSTON: I look forward to the time when we have the board or the department here to talk about IPPs further. I appreciate you doing the initial work on that.

I'll follow up on my colleague's comments about the stumpage revenue of the province; it surprised me as a low number. I'd asked before if there was any analysis done compared to other provinces just for a reasonableness check, and I don't think that was within the scope here. The more I thought about it, I wondered if you have seen or if there any evidence that came up in the work papers of your review of a decrease in stump was age revenue to the province as the amount of biomass consumed increased. I'm wondering what the impact on stumpage revenue to the province might have been by biomass.

MR. SPICER: I can answer that one fairly quickly. No, we didn't notice anything like that, nor would we have been specifically looking for that type of analysis. That would really be a question for the department.

MR. HOUSTON: Okay. If you have a normal stand of trees, you'd have some hardwood and some softwood in there. Obviously, if you were able to harvest and pull out the hardwood, you'd get more in stumpage than you would if you just had a blanket thing. In your understanding of the way it works, it's the honour system, so they're taking a stand of trees and just paying an average stumpage? Or are there supposed to be different classes of stumpage revenue within a stand?

MR. SPICER: There are different fees based on the type of wood, but it is an honour system. They report based on their quarterly returns, and the stumpage fee is paid to them based on those returns. As I indicated earlier, we think the controls need to be improved in that area just for the department to get a better feel for whether those are reasonable.

MR. HOUSTON: Yes, so really there's no process; there's no reasonableness check at the department level per se, is there?

MR. SPICER: No, not taking the analysis and comparing it to annual harvest plans and stuff like that. We didn't see that at all.

MR. HOUSTON: And there isn't even any kind of a back-of-a-cigarette-package - like Nova Scotia, about 10 per cent hardwood, there's nobody looking to say, well, did we get paid? There's just no reasonableness assessment done, really.

MR. SPICER: Not at the level we were looking at. If there's something happening at the district level, we're not aware of it. But again, we were looking for a specific kind of high-level analysis. In fairness, for inspectors to go out and make sure, it would be virtually impossible because there are so many trucks of wood coming that to be able to do this in extreme detail wouldn't be possible.

MR. HOUSTON: Did anyone get caught for under-reporting stumpage? Did you find any examples of the department finding an instance where somebody under-reported stumpage?

MR. SPICER: No.

MR. HOUSTON: There's nobody who has been sanctioned for it, or anything like that?

MR. SPICER: Not that we're aware of.

MR. HOUSTON: There can't be much more of an honour system than that system, I guess. That's as honourable as it gets, maybe.

In terms of the funding to universities, I think there was talk last week about a structural deficit of \$50 million that is looming. I'm wondering about that number. I'm wondering if you have a breakdown of that number as to where that looming structural deficit comes from - maybe by general categories of building infrastructure, wages. Is that a number that any analysis was done on?

MR. PICKUP: As you indicated, on Page 52, we make reference to the \$50 million, but we don't provide a breakdown, so that question really is better suited for the department.

MR. HOUSTON: So that is a number that was provided to you?

MR. PICKUP: That's right. The department provided that number.

MR. HOUSTON: That would be very interesting to see. Sometimes we hear about the compensation structure within the universities and maybe a good portion of that \$50 million is just because the people running them are budgeting some higher wage increases for themselves, but we don't know today as we sit here. It's the department that knows that.

MR. PICKUP: Yes, you would want to direct that question to the department, correct.

MR. HOUSTON: Thank you. I guess in the same vein - and I'll ask it anyway, but I'm sure it might not have been in your scope. I'm wondering if the current batch of tuition increases will go in any way to reducing that \$50 million looming deficit that has been reported. In other words, was there any kind of discussion or any evidence that you saw that there might have been a discussion that said - well, if you let us increase the tuitions just this one time, it won't be a \$50 million looming deficit, it will be a \$30 million, pick a number, but is that anything that might have come out as part of your audit?

MS. COLMAN-SADD: We wouldn't have information on the impact of the tuition increases. That would have been outside of our audit period.

MR. HOUSTON: I was also curious about Paragraph 4.39 where it says that of 10 projects examined - this is in the Innovation Projects - there were three that didn't have any associated cost-saving estimates. They might not have had a cost-saving estimate in there, but hopefully there was some other stuff in the work paper file that said why these were good projects. What metric would they have been looking at with those types of projects, if cost savings wasn't something they seemed to care about?

MS. COLMAN-SADD: There were some project criteria that changed over time. Initially there was some criteria related much more so to cost savings, and then in the fourth round of the funding it also changed - if you see Paragraph 4.38 - to criteria to consider projects that supported innovation and collaboration also linked to the province's economic and social goals. As for the specifics of those three particular projects, I can't recall so I wouldn't be able to speak to those.

MR. HOUSTON: I do want to speak about procurement processes in my last couple of minutes here. I know that in your June report, you looked at some of the procurement processes across government departments and there was a procurement services compliance officer who was meant to carry out some compliance testing for government departments on procurement services.

Are you aware of any such person within the Department of Education and Early Childhood Development? Do they have a procurement services compliance officer in the Department of Education and Early Childhood Development who might be checking how things are purchased?

MS. COLMAN-SADD: I'm not aware one way or the other. I do believe a lot of the procurement is being centralized at the Department of Internal Services at the moment. I guess that's just general background knowledge from the audit work we did in procurement, but I'm not aware of whether or not there was anyone specifically at the Department of Education and Early Childhood Development during the time period who would have been covered by our audit.

MR. HOUSTON: The same would apply to the universities, I guess. There wouldn't be anyone looking at their procurement processes. They'd be doing that themselves, right?

MS. COLMAN-SADD: They are outside the government reporting entities.

MR. HOUSTON: I'm wondering, in the scope of your audit, did you come across any personal services contracts that the Department of Education and Early Childhood Development might be using or any of the other departments that were covered by this audit? Are personal service contracts things you're seeing used by these departments?

MS. COLMAN-SADD: That wouldn't have been part of the scope of this audit.

MR. HOUSTON: So it would be something that maybe we would look at, I guess, going forward as an audit thing, would it? You did a chapter one time on, I think, professional services contracts and raised some concerns about how they were being used - I think that was Communications Nova Scotia specifically in that instance, if you remember. I'm wondering about a more widespread use of personal services contracts in these departments you are looking at.

MR. PICKUP: We are currently gathering information and evaluating whether we will consider an audit of personal services contracts, so that is currently under way. If we choose to do an audit there, we will follow our normal path of indicating on our website when we decide to do an audit. So as we move forward over the next period of month/months, as we make that decision, we will communicate it to all Nova Scotians through our website.

MR. HOUSTON: Okay, thank you. Maybe you can give us a little sneak preview - is it something in your early assessment as to whether you should do it? Is it something that you are finding they are used in the government quite often, personal services contracts?

MR. PICKUP: I would only be able to answer that based on fact and scope, and I really don't have that information, so I wouldn't be able to answer your question at this point.

MR. HOUSTON: Okay, so of course you wouldn't know where they are used, the approval process for entering into them, etc. I guess at this stage, it's too early for you to tell what that system actually is as it's in practice.

MR. PICKUP: At this point it's very early days of gathering information. Now in any given year, we do audit government financial statements - the Public Accounts of the province, with the materiality levels that are around there. So whatever processes we would look at there in terms of purchasing or contracting in general within the parameters of that materiality we do every year, I would leave that with you.

MR. CHAIRMAN: Order, time has expired. We'll move to Mr. Wilson.

MR. DAVID WILSON: I want to return to university funding. I think I left off with the impression that I think Nova Scotians have with the audit, with the comments that your office and your audit has shown - most university funding is provided without any accountability. I know that has been kind of where we've been at over the last little while is accountability and ensuring. I think it's important to ensure that the accountability on whatever department or funding formula or services out there - it needs to be strong to ensure things are happening in an appropriate way.

In what you have found, on Page 51, you indicated the department is not regularly monitoring financial health of universities. That statement, especially in the environment we have currently and the interactions that I've had over the last number of months, especially with university students, with organizations and student groups, concerned around the accountability aspect of their universities or their institutions or colleges, specifically when it comes to tuition and the increase in tuition and the lift of the tuition cap - my colleague is correct, I was quite surprised to hear the minister say that tuition was uncapped. It was not uncapped when we see university, after university, after university, indicating that they are increasing tuition because of the allowability of the cap being removed.

I'm trying to wrap my head around the department and the government - if they are not regularly monitoring the financial health of our universities, how could you permit them to increase tuition if that accountability is not there? Am I missing something? Should there not be a monitoring of the financial health of a university? That information should be within the department when they make a decision like removing a cap or allowing universities to increase tuition.

This may be more of a question for the department or for the minister, but I'll ask you, Mr. Pickup. Would you think that information is important before you make policy

changes or changes within your department that affect students, especially around tuition? Am I off base on this or would you think that monitoring of the financial health of universities should be implemented before allowing any university to increase tuition without providing information on that - this is why we're increasing tuition? Do you have a comment on that or should I be holding that comment for the minister or for the department head?

MR. PICKUP: I certainly believe that our observations and our recommendations are very important and are critical. The department continues to operate and continues to do its business, however, the recommendations that we have raised I think are very important.

I would draw your attention to Paragraph 4.19 on Page 57 where the department indicates that the Universities Accountability and Sustainability Act indicates the province may require evidence of a university's financial sustainability before providing the full amount of operating funding. However, this process has not been defined. So that leads into our recommendation that really indicates the department should - in consultation with its partners - develop those measures, analyze the trends, do it quickly and take appropriate action. I think that really very much addresses your question.

MR. DAVID WILSON: When I do read that, the province may require evidence of university financial sustainability, should that not read "should require"? They are ultimately accountable. I think in the end when we're looking at well over \$300 million of taxpayers' money going to universities around the province, should that say "should require" before universities look at potentially raising tuition?

MR. PICKUP: The reference in here is to what the Act actually says. I think regardless of what the Act says, the recommendation is valid and stands, whether it's a "should" or "may", the recommendation is critical.

MR. DAVID WILSON: How do we ensure that any increase in tuition is adequate or just? That's really what students are asking me, as the Department of Labour and Advanced Education Critic. They should be accountable and if a tuition increase is in the works, it should be adequate, it should be just, it should be transparent that this is the reason why. I don't feel that's in place now.

With the department right now not monitoring fully the health of the university, can we agree with that statement? How do we figure out if it's adequate for a university or a college to increase tuition in the environment that we have and in the processes that we have now around the health and sustainability of universities and colleges?

MR. PICKUP: A couple of points on that. I think one thing we want to remember is that universities are not part of the government reporting entity. They are outside of government. That's important for us to keep in mind as we do our work and for all of us to

keep in mind. Having said that, these universities in Nova Scotia contribute some \$1.4 billion to the economy of Nova Scotia, to the GDP. They are very critical to the economy of the province.

In terms of how the department balances its role in relation to the funding that it gives and the role of tuition costs and the accountability around that, I think that would be a very good discussion to have with departmental officials in here so that people really understand on a day-to-day, month-to-month basis - on the ground working level, if you will - what role does the government have to play with these private institutions or universities around tuition?

MR. WILSON: I would agree. Having a healthy post-secondary educating field in our province is extremely important to our GDP, as you mentioned - it's well over a billion dollars. There is also a significant investment from taxpayers' well over \$300 million. The reporting is something that I think I've heard from a number of people, from people who work, staff and employees of universities and colleges, right down to students. The same kind of theme is there, that often they are left out of the discussion and not given the information around increases and the accountability that each university or college should have.

Should there be changes in that reporting of universities? Should there be more transparency with a significant investment on behalf of taxpayers when it comes to universities, or is that something that should continue to be separate?

MR. PICKUP: What we've audited under is the current structure that we have. Recognizing that we have private institutions outside of government that receive over \$300 million in total from taxpayers as you indicated, how can that system work so that the government - recognizing its role as it is currently defined - promotes the long-term sustainability of these organizations? So the recommendations that we have made in here really fall within that context of the governing structure that we have in place.

MR. WILSON: I agree. I think we all have a stake, and taxpayers have a stake, to ensure that the viability of our universities and colleges remains healthy.

In Recommendation 4.5, you indicated that the Department of Labour and Advanced Education should develop and implement a new funding allocation method without further delay. Can you indicate or give us a time frame on what "without further delay" means? Often with your recommendations, you'll come back within a couple of years to give an update, but you say specifically indicate "without further delay." What kind of time frame would you associate with that comment and that recommendation?

MR. PICKUP: In the response, the department has indicated that, given that there can be some significant implications to these changes, the universities have asked for the new formula to be implemented in 2017-18 to deal with some of these issues. We're in

2015-16 now, in terms of the fiscal year, and 2017-18 is within that two-year time frame forward.

I would also drive home the point here, again, that these discussions are not theoretical in nature. In Paragraph 4.3 on Page 52, we do talk about where the province had to give \$4.2 during 2013-14 - or chose to give \$4.2 million - in emergency funding and again that they're predicting, without change, a \$50 million operating deficit by 2018-19. I don't think time is a friend of this situation, so certainly we wouldn't want to see it extend beyond that time frame.

MR. WILSON: Would that meet your recommendation, in your mind? That 2017-18 time - would that adequately address "without further delay"? I'm just trying to get from you if it should be immediately within the next year. Will that meet your recommendation, in your opinion?

MR. PICKUP: We as auditors try to make recommendations in the context of the scenario that we are in, trying to be reasonable and recognizing that the world is not simple and these situations are often very complex. Having said that, I think the response is a reasonable one, but again, my preoccupation or worry would be not meeting what is indicated, given the situation that the department itself predicts could happen if things are not addressed.

MR. DAVID WILSON: So if they do address that and they follow through on that recommendation, would you agree that would have an impact on future tuition rates either way, depending on what they do? That's the concern I hear from students - the tuition increases that they're going to see may be premature. Even in your own report, you've indicated that the government has to address that. Is that a correct statement, that these changes coming could impact tuition rates either in a positive way or potentially have a negative impact on students?

MR. PICKUP: The extent of my agreement would be that I would agree that the department should really come in and answer those types of questions, to say how tuition increases factor in here, recognizing that the scenario we have is that these universities are not part of the government and are not under the direct control of the government - they are private institutions. It's not a simplistic situation in which these recommendations are made. I get that.

MR. CHAIRMAN: Order. Time has expired. We'll now move back to Ms. Miller and the Liberal caucus.

MS. MILLER: I'd like to go back to natural resources again. I find it a little concerning about the honour system for evaluating what the stumpage fees are. As a note, too, it's actually very easy to determine because they have aerial photographs now of the whole province, and I think stumpage can be determined within 10 to 20 per cent just by

looking at aerial photographs. It isn't really hard to figure out if these sectors are being honest or not in their calculations.

A little bit about silviculture work as well. There are currently processes in place to monitor and verify silviculture work and forest harvesting. Has the department indicated what steps they're taking to formalize and improve the processes?

MR. SPICER: The department, in their response at the end of the chapter, basically agrees with our recommendations that they need to sort of formalize the process and begin to look at it more as a risk-based process, understanding that they have limited resources. They've accepted that and, in their response, agreed to establish a risk-based process to do that.

MS. MILLER: Also, I notice there are a lot of emerging markets in forestry. Can you comment on what is some of the research that's being done and what's going on in that sector?

MR. SPICER: Really, that's probably better to ask of the department. We didn't really look at the research that was done. We do know that they've been doing some research as part of the development of the Path We Share strategy. But specifically, I don't have the list of all the research that's been done. I think probably the department would be the best ones to speak to what those emerging markets are and how they're looking at those.

MS. MILLER: One last question. Actually in our Resources Committee we heard something about the spruce budworm - words from way back when. You remember when the forests were decimated in Cape Breton, and it hit a lot of Nova Scotia. They say it's coming back. Are they looking at that now to see what they're going to be able to do to perhaps stop that or control it a little bit? Is there anything there in the report?

MR. SPICER: What I can say about that is going back to the overall strategy in the Path We Share document that they did, one of the biggest risks to the forests is insects like the spruce budworm. Part of their development of that strategy was looking and putting plans together to address those if they were to happen. We know that they have plans there, we know that they've developed them, the specifics of which, again, the department would probably be the best people to speak to the specific actions within those plans. But there are definitely plans in place to address those types of things.

MR. CHAIRMAN: Ms. Lohnes-Croft.

MS. SUZANNE LOHNES-CROFT: I'd like to talk about student achievement because I think that's a priority for the department. I think it's a priority for parents; they want to know how their schools are falling in some of the standardized testing.

You refer that there should be additional student progress data, or it would help to have additional data, to give a more complete picture of where schools lie. Can you expand on that, and did you make recommendations to what other processes there are?

MS. COLMAN-SADD: Right now, most of the information would be limited to provincial assessment results which - as was discussed earlier this morning - are only in certain grades and are limited to numeracy and literacy. We know there are assessments that are ongoing out in classrooms throughout the province, teachers would do assessments of students regularly and in some instances some of the boards were doing some additional work in their boards as well, over and above the provincial assessments administered through the Department of Education and Early Childhood Development.

What we're saying is really that there needs to be a look at all of those available sources of data and that perhaps some of that classroom data and whatnot can be drawn on and rolled up and provided to, for example, a governing board and also even to management, either within schools or to board management, to give them additional information as well.

MS. LOHNES-CROFT: Are you familiar with the former school accreditation process that had been taking place? It was cancelled by the previous government.

MS. COLMAN-SADD: It's something that I'm tremendously familiar with.

MS. LOHNES-CROFT: It allowed schools to really evaluate and dig deep into where their weaknesses were. I know in one of the schools I was involved in, they found that boys generally did worse than girls in all areas of academic achievement. That allowed that school to focus on how to increase the performance of boys in the classroom and in all their core subjects.

That program no longer exists but it did allow for some type of inner focus for individual schools, rather than all the schools having the same process for evaluating students. There doesn't seem to be that process, except for school improvement plans, right, which does allow somewhat but I was just a little concerned. Standardized testing - we know some children do not do well in written tests and that doesn't always give the best and the clearest picture of where students lie. Also, often the children at the bottom are left out of those tests, right, in the schools?

MS. COLMAN-SADD: Children on an individual program plan were not because they are not on the regular curriculum and provincial assessment is geared towards the regular curriculum.

MS. LOHNES-CROFT: So schools who have more students on IPPs, right - would they fare any different?

MS. COLMAN-SADD: IPP students don't write the provincial assessments.

MS. LOHNES-CROFT: Yes, but there are some geographic locations in some areas where there are schools that have a higher population so they would have - I think what I'm finding is a lot of teachers, when you talk to them now - there used to be three levels usually in each classroom and there are fewer at the top. Now there are more average students in the schools than there used to be.

MS. COLMAN-SADD: I don't know. That isn't something that we would have looked at, at that level. That would be a question for either a board or the department.

MS. LOHNES-CROFT: Did you come up with any recommendations other than individual teachers? How would that apply in an assessment? How could they bring that into standardized testing to evaluate it on a chart?

MS. COLMAN-SADD: I'm not sure I know what you are asking. We do have a recommendation that addresses the need to get additional information on student progress at a governing board level.

MS. LOHNES-CROFT: So how would that feed into adding onto the standardized testing?

MS. COLMAN-SADD: We aren't suggesting how that should happen. Whether it's additional standardized testing or not, I think is something for the department and the boards to decide.

In the discussion that leads into some of those recommendations, we do talk about the fact that there are different types of assessments - assessments out in the classroom. We're not necessarily suggesting that should all be rolled up and be part of a provincial assessment, I think as you said. Sometimes some students may not do well, for example, on those. So different forms of assessment is what we're getting at and gathering that data.

MS. LOHNES-CROFT: And some local boards may have different needs than other boards, so standardized testing isn't always favourable. What's good for one region of the province may not be good for another area of the province.

MR. PICKUP: This is in part why we say there needs to be performance expectations, because performance expectations should reflect all of the things that you're indicating to come up with what you expect.

If you look at the chart on Page 9 and you go to South Shore, for example, where Grade 6 Literacy is 60 per cent, Grade 6 Math is 59 per cent - is that good or is that bad? Well I think somebody at the board level should be able to answer that question to say, what are we aiming for here? Is 60 per cent good or bad in relation to what we're aiming

for? If it is not what you expect, then what are you going to do about it to get that to a number that you expect? That fundamentally is what we're talking about here - what should those numbers be? What do you want them to be? Where are you at, and how are you going to get these things to where you want them to be?

MS. LOHNES-CROFT: Okay. Thank you.

MR. CHAIRMAN: Mr. Farrell.

MR. TERRY FARRELL: I'd like to switch back to the funding to universities section, if we could, please. I have to say that earlier this year, when we were being briefed on Bill No. 100, I was astounded at the looseness of the arrangement that existed between the funder, if you will - the province or the taxpayers - and those institutions in our province.

In listening to the tone of the questions today, I think that there is an attempt here being made to lead the public to believe that we're still living in the same situation that we were prior to October 2013 with that arrangement being assented to by the government. So I want to just highlight a couple of aspects of the Universities Accountability and Sustainability Act and how those things fit into your recommendations and the implementation.

It seems pretty clear to me there that the minister has implemented a fairly strong system where there are conditions placed on the grants to universities and that seems fairly comprehensive to me. There are pretty clear outcomes that are expected there as well. In Section 19 where it talks about outcome agreements, those things mesh together and they are going to work together to be a pretty comprehensive accountability scheme as between the funder and the institutions. Could you please comment on how that Act specifically fits in with your recommendations?

MS. COLMAN-SADD: That Act was passed after our audit period had expired.

MR. FARRELL: I fully understand that, yes.

MS. COLEMAN-SADD: As we've indicated earlier, we don't go back immediately after we have put out recommendations. We would go back two years later. So in two years if that Act is sort of put forward as how some of these recommendations have been addressed, we will look at it at that point in time.

MR. FARRELL: You are familiar with the terms of the Act?

MS. COLMAN-SADD: I'm not familiar with it in a great level of detail in that it wasn't part of our audit, so I wouldn't have the level of familiarity that I do with things that were a part of the audit. I am reasonably familiar; I've read the Act.

MR. FARRELL: One of the things that I understand it implements is the standard reporting format that each university will be required to comply with. They would be required to put their financial information in a particular form to be reported to the department. It seems to me that would be quite an advance. Would you agree with that?

MS. COLMAN-SADD: I certainly think that standardized financial reporting would be a good step. One of the things with the Act, which was referenced to us by department management, is that it really hasn't been determined yet necessarily how all aspects of that are going to be implemented. So really I couldn't speak to whether or not what happens will be sufficient to implement a recommendation or not. Again, those are things that are forward looking and haven't taken place yet and the details of a lot of that are still being worked out.

MR. FARRELL: I guess the other thing too that encourages me in respect to the legislation is the connection between those financial reporting requirements and the outcomes that are expected - the connection between those things and the funding - and the responsibility that has been instituted there.

MR. CHAIRMAN: Order. I do apologize, time has expired. I gave you a little time to finish your point there but time has expired.

Thank you to the Auditor General's office for all the work you've done on this report. Mr. Pickup I would like you to provide some closing comments for today's session.

MR. PICKUP: Thank you for all of the questions and comments today. Again I want to say thank you not only to the three people sitting here with me today who have put in a tremendous effort to produce these reports in a fairly short period of time but also to the 30-plus people who are back in the office, who in many ways do all of the hard work to produce these reports so that it rather makes our job easy here. I want to thank you for the questions, particularly around entities that are outside the direct government departments, things like school boards that really go to the core of what governments do.

Looking forward, just to give you an idea of where we're heading - this is the marketing aspect of the presentation if you will. In April we will be reporting, so the next time you will see us do a report is April of 2016. It will be on follow-up. Ms. MacDonald will be leading the follow-up of two years of recommendations and how they have been implemented. Again that will be our first time - well, first time during my time that I'm aware of - of us pulling all the recommendations into one report so that we can really focus on what is happening. A large part of that is in response to what we went through in June of this year where you, as a committee, were very interested in implementation and we were so happy with that that we are doing a separate report.

Then in May of 2016 will be our next performance audit report and the chapters that we are covering in that is one on capacity within the health system, which may include

looking at up to 20 hospitals across the province as well, so a very, very large audit. We are looking at species at risk. There are nearly 60 species at risk in Nova Scotia so we're doing an audit of that. We are looking at the government's role in homes for special care, things like nursing homes and other homes for special care as well and how well that is working.

Finally the fourth audit will be on critical infrastructure within Nova Scotia and recognizing that probably 80 per cent of the infrastructure is outside of the government. It is held by the private sector but we will be looking at the government's role in relation to dealing with the private sector and other partners, for example, in looking after Nova Scotia's interest in the critical infrastructure that everybody depends on across the province. So that's the marketing aspect of what we have coming up in 2016.

MR. CHAIRMAN: Thank you Mr. Pickup. We have some committee business. We had a meeting scheduled for December 16th, which is now going to have take place in the new year because one of the groups is not able to be with us on the 16th. The topic was Chapter 2 of the June 2015 Auditor General's Report and we had requested the IWK, Municipal Affairs, and Internal Affairs to appear. One of those is not able to be in attendance on that day so we will have to move that meeting to the New Year. I wanted to bring that to your attention.

We have had correspondence from the Department of Finance and Treasury Board which was information requested from the October 21st meeting that was sent to members on November 23rd. We also have Office of the Auditor General information requested from the November 4th meeting and that was sent to members yesterday. If you have any questions on that correspondence, please raise it with myself or the committee clerk.

We had a letter from Mr. Houston requesting an emergency meeting that was sent to members yesterday. I had indicated we would bring it up at today's meeting. Mr. Houston, would you like to comment on this letter and then hear from other members?

MR. HOUSTON: Sure, thank you. I'm just conscious of the time and conscious that this may require a bit of discussion, so through you, Mr. Chairman, I'd ask that maybe we could have the consent of the committee to chat about this, even if it goes a few minutes past 11 a.m.? But under all circumstances, I'd like us to address this meeting with a vote today, no matter what it is.

First off, I'd ask for some consent to allow for some discussion on this, even if it goes past the remaining nine minutes.

MR. CHAIRMAN: We do have nine minutes. Why don't we see how it goes, and if we are getting close to the end, I will ask the committee if they would like to continue the discussion? Mr. Houston.

MR. HOUSTON: Thank you, Mr. Chairman. I guess seeing that we now have an opening on December 16th, I would like to propose a way we could fill that opening. I suggest that we would bring the now former chief of staff to the committee to talk about personal services contracts.

The reason I think that's relevant, even in light of last night's news, there is precedence for this committee to bring chiefs of staff and those types of people before the committee because this committee is designed to look at how government money is spent.

I think when you're talking about issues like personal services contracts, you shouldn't really be constrained by materiality levels and things like this, because any time you have a personal services contract, taxpayers deserve to know that they're getting value for that and that has followed the proper process. We know, and everyone is aware through the media, that seemed to be one of the chief of staff's job roles. That was one of his responsibilities, I guess, to dispense personal services contracts, so I think it's relevant for this committee to speak about it.

Now further to that, one of the main objectives of this committee is to support the Auditor General in his work. I think this committee should do everything it can to support the Auditor General. We heard this morning that the Auditor General is considering doing an audit on personal services contracts. I think if the Auditor General was to conduct such an audit, he could possibly be frustrated by somebody like the chief of staff who is no longer an employee of the province at this stage - then again he might be, but at this stage he is not. I don't think the Auditor General would have jurisdiction over him, but this committee certainly would. As the Auditor General evaluates whether or not he's going to do an audit on personal services contracts, I think that this committee could help him uncover some information about how they're used by the province.

I think that's something this committee should do - bring the former chief of staff before this committee to talk about his understanding of how personal services contracts are used. I think that would be useful information to the Auditor General as he evaluates whether or not he should do a full audit of personal services contracts. It would be particularly useful if we could do it sooner rather than later. Being that we have a date open now, I think it would be productive to try and fill it, and I think he would be an excellent witness.

I look forward to hearing the thoughts on this committee as to whether or not they are interested in supporting the Auditor General in his work and if they are interested in understanding whether the taxpayers get value for money on the issue of personal services contracts because the best way to do that is to bring the person in who is writing them, to talk about them. I suggest we bring him in. I look forward to the comments from the committee.

MR. CHAIRMAN: Mr. Farrell.

MR. FARRELL: Mr. Chairman, I'd like to take this opportunity to address the issue. First off, I want to address the characterization of this as an emergency. Mr. Houston's letter indicates that the issue is an issue of political patronage and he harkens back to a particular appointment that was made by the Premier in 2013. The issue has definitely been around for at least that long and I fail to see why at this point in time it has all of a sudden become an emergency.

I would also like to refer to the mandate of the Public Accounts Committee, and there are some very specific things that are set out there. One of them is reviewing the Public Accounts of the province and reviewing the Reports of the Auditor General. With respect to the purported offer of a personal services contract that was revealed from a surreptitiously recorded conversation - a private conversation, I would add - I think we're in a pretty remote situation there. We're quite far away from the Public Accounts of the province when we're bringing forward an issue that has arisen in that context.

If the committee is choosing to expand the mandate that broadly and that far afield with respect to an individual who was an employee at the time, but who is no longer an employee, I think we're watering down the business of this committee and the real hard, good work that this committee has to do with respect to reviewing the books and the affairs of the province as they exist. We're not talking about what might exist or what somebody may have offered someone in a secretly taped conversation. I think that takes us quite far outside of the realm of the mandate of this committee. The idea of bringing someone in here to be cross-examined, if you will, on a conversation that they held in that kind of context, I think is far outside the mandate of the committee.

I think it's also very important to note that all of the Parties - whether they be government or Opposition - have people in their offices who are on the government payroll, who are engaged in personal services contracts and are probably offered their positions in a similar fashion: in a private conversation. They may come from any background, any situation, and there's nothing any different that went on in this situation than goes on with all of the Parties.

I think it's also very significant to note that the Auditor General has expressed an interest in these types of contracts, and if through that office it is determined that personal services contracts will be examined in the course of an audit, then they will clearly come within the mandate of the committee. They will clearly come under the microscope of the Auditor General - the very capable assessment that they have done that we see every time they appear here in this committee. We will then have a proper opportunity to examine them.

We're here to look at the work of the Auditor General. We're not here as an investigative body to assist the Auditor General. They're very capable of that. This committee doesn't need to do that. So for those reasons, Mr. Chairman, I submit on behalf of our caucus that this is an inappropriate motion at this time and it certainly does not constitute an emergency. Thank you, sir.

MR. CHAIRMAN: Thank you. We are getting close to 11:00 a.m. In fairness, I would like to hear from Ms. MacDonald - she has requested. May I have the indulgence of the committee to extend the meeting at least a few minutes past 11:00 a.m. so that she has an opportunity to raise her points, and then perhaps we can just have a vote on this matter? I see agreement. Ms. MacDonald.

MS. MAUREEN MACDONALD: Thank you, Mr. Chairman, and I thank my colleagues for allowing me time to speak.

I want to start by saying I couldn't agree more with the previous speaker - we are here to look at the work of the Auditor General. I remind committee members that, in fact, the Auditor General in a previous report not so long ago has, indeed, raised concerns about personal services contracts in various parts of government, various departments, including whether or not these arrangements comply with the Canada Revenue Agency and what have you.

I asked a few questions at one of our previous meetings when the Department of Finance and Treasury Board was here with respect to the personal services contract that the Deputy Minister of the Office of Planning and Priorities has with the Premier's Office where he is incorporated as a corporation - a very unusual arrangement - and there were a number of matters.

I think it is quite appropriate, and in keeping with the Auditor General's work of not so long ago - I can't exactly remember. Perhaps the Auditor General can tell us which report this matter was raised in. It was quite recently - the June report, perhaps?

MR. PICKUP: There were two reports, one on CNS and then one on the procurement chapter that we did in June, where we raised the issue.

MS. MAUREEN MACDONALD: Thank you. So this isn't a matter that is being brought forward by my colleague out of the air. In fact, it very much is embedded in the work of the Auditor General and it's very much within the purview of this committee. Whether or not it's an emergency is immaterial in some ways. We have an opening that has come up on our schedule and it seems to me to be a perfectly reasonable expectation that if we have a topic we would fill that opening with a relevant topic, fitting within the scope of the committee applying to the work of a previous AG's Report. I fully support my colleague, the member for Pictou East in what he has brought forward.

MR. CHAIRMAN: Thank you, Ms. MacDonald. Given that I think we've had a chance to hear from each caucus, we should conduct a vote. I would like members to be clear about their position when I ask for or against.

The motion that is before us is for Mr. Houston to have an emergency meeting to discuss - actually, I'll look at the letter here just to be clear - to ask that we convene an

emergency meeting of the Standing Committee on Public Accounts with respect to calling upon principal secretary Geoff Townsend and the Premier's former chief of staff, as of yesterday, to come to answer questions about personal services contracts.

Would all those in favour of the motion please say Aye. Contrary minded, Nay.

The motion is defeated.

Just a final note, our next meeting is on December 2nd with the Department of Transportation and Infrastructure Renewal to discuss road improvements and repairs. We do have a subcommittee meeting following this meeting where we will be looking at topics for future meetings. I expect perhaps this discussion may continue there, but we will now adjourn this portion of the meeting. Thank you.

[The committee adjourned at 11:03 a.m.]