

# **HANSARD**

**NOVA SCOTIA HOUSE OF ASSEMBLY**

**COMMITTEE**

**ON**

**PUBLIC ACCOUNTS**

**Wednesday, April 4, 2018**

**Legislative Chamber**

**April 2018 Report of the Auditor General -  
Follow up of 2014 and 2015 Recommendations**

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## **Public Accounts Committee**

Mr. Allan MacMaster (Chairman)  
Mr. Gordon Wilson (Vice-Chairman)  
Mr. Ben Jessome  
Ms. Suzanne Lohnes-Croft  
Mr. Brendan Maguire  
Mr. Hugh MacKay  
Mr. Tim Houston  
Hon. David Wilson  
Ms. Lisa Roberts

[Mr. Hugh MacKay was replaced by Mr. Bill Horne.]

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. Andrew Atherton,  
Assistant Auditor General

Ms. Dianne Chiasson,  
Audit Principal



House of Assembly  
*Nova Scotia*

**HALIFAX, WEDNESDAY, APRIL 4, 2018**

**STANDING COMMITTEE ON PUBLIC ACCOUNTS**

9:00 A.M.

CHAIRMAN

Mr. Allan MacMaster

VICE-CHAIRMAN

Mr. Gordon Wilson

MR. CHAIRMAN: Good morning, I call this meeting of the Public Accounts Committee to order. This morning we have the Auditor General's Office with us to discuss the report they released yesterday, which is a follow-up report to recommendations made in 2014-2015. I'd ask everyone to ensure that your phones are on silent.

We'll begin with introductions, starting with Mr. Horne.

[The committee members and witnesses introduced themselves.]

MR. CHAIRMAN: Mr. Pickup, the floor is yours.

MR. MICHAEL PICKUP: I have a short opening statement, with short being open to interpretation, I suppose. Thank you so much for having me and members of my team here to discuss our 2018 follow-up report today.

I believe this report answers the number one question that I get asked as Auditor General and that is, what happens after the audits? The answer is, of course, as the auditors we wait two years after issuing our audit reports before going back to see whether the promised actions to address our recommendations have been done.

In yesterday's report, we followed up on the 20 audits reported in calendar years 2014 and 2015. There were over 200 recommendations made and we assessed whether they had been completed or not. We set an expectation in our business planning that an 80 per cent completion after two years post-audit is a reasonable rate.

This year's results show the best ever, with a completion rate of 75 per cent. In 2014, when I returned home to Nova Scotia, and the year I arrived as Auditor General, the completion rate was just over 50 per cent. This success in making such progress should be recognized. It has taken commitment and effort by the Public Service across Nova Scotia, as well as the leadership who have made this a priority.

I believe we audit important subjects which promote better government, so it's very nice to see these results. My sincere thanks go out to all those involved for making change happen and, importantly to us, working with us in a professional and forward-looking manner.

Of course, there are still a number of audits where the level of not-complete recommendations is far too high. We cite 52 recommendations that have not been completed from 2014 and 2015. I would draw attention to the following of those: there are the surgical wait times, for example, from 2014 with seven not complete; there's the educational oversight with seven not complete; there's public drinking water with five not complete; mineral resource management, six not complete; integrated case management, six not complete; responsible gambling, five not complete; business continuity management, four; aquaculture, three, and procurement three.

So essentially if you take those nine audits, those account for 46 of the 52. All of that is in the report of course, but I'm just trying to provide a little bit of a summary if you want to zero in on any of those areas where the not-completes are.

I hope that helps provide a brief overview of what really is a big job. Tracking over 200 recommendations from 20 audits is a big undertaking. Because of that, my special thanks to my team members who did the original audits, but also to the current folks who worked hard to produce this 2018 follow-up report. This includes the members of the team with me here today, but as important are the people back in the office who did all the work to get us here today. This includes the audit staff and also the diligent administrative staff, all of who work together to serve the House and provide you with what I believe is an accountability tool to help you do your job.

We - not simply I - will be happy to take your questions, given that there are 15. We counted roughly 15 audits with not-complete. To the extent there are questions on the not-complete, the three of us have essentially divided the 15 for five audits each. So there may be back and forth depending on what your questions are just to make this a bit more manageable on our end. So, we're pleased to be here and respond to questions.

MR. CHAIRMAN: Thank you, Mr. Pickup. We'll start with Mr. Houston of the Progressive Conservative caucus for 20 minutes.

MR. TIM HOUSTON: Thank you for performing these follow-up audits. When your office does an audit of a department or entity and comes up with some recommendations, those recommendations are generally agreed by the staff, right. It's very uncommon that the department just doesn't accept the recommendation. They're generally agreed with, are they not?

MR. PICKUP: I would say 99-plus per cent are agreed to not only when we do the audit but when we come back to follow up. If you look at the 52 that I'm talking about that are not complete, there's no disagreement with the government. All the organizations agree. They still want to do and complete those recommendations.

MR. HOUSTON: Okay. I guess your measure of success is that when you go back two years later, 80 per cent of the identified and agreed recommendations have been completed - 80 per cent.

MR. PICKUP: Right.

MR. HOUSTON: How do you pick that number?

MR. PICKUP: Really, it is judgment and, you know, our judgment would say some of these recommendations are going to take longer. We get that. So, 100 per cent is too high but the bar should be high enough that it seems reasonable. It really is professional judgment, based on being in this business for 30 years.

MR. HOUSTON: To me, it seems strikingly low. It seems like a very low bar to try and get over. After two years, you've got 80 per cent of your work done. I mean most Nova Scotians would be envious of that kind of a low bar in their professional life, would they not?

MR. PICKUP: I can't speak for the rest of Nova Scotians but the fact is when I came in in 2014, in my first year we were looking at a completion rate of 53 per cent. So, I said okay, maybe I could come out and say it should be 100 per cent and in an ideal world that might be. But I think I want to be realistic to say if organizations can get to 80 per cent within that two years - yes, they should strive to do better, but that's a starting point. So now the government is at 75 per cent. If they can get that to 80, well then, maybe it will be time for us to look at making that bar higher.

MR. HOUSTON: Okay, I hope you do. Most people, when they think of government, they think of moving slowly, nothing gets done, no sense of urgency. I think this is kind of exhibit A for that, that after two years we're impressed that departments have

75 per cent of the work done. It's amazing that we would even consider that to be remotely close to a success to me.

In terms of the 90 per cent, 90 per cent of hip- and knee-replacement patients are waiting three times the national standard for surgery. This is the six-month standard. If you need a hip or a knee in Nova Scotia, you're going to be one of the worst in Canada of getting that done. The department has said that they're going to bring that standard down to the national average, I guess, by 2020. The Premier said in Question Period just a couple of weeks ago that he believed that six-month standard would be met this year. Do you see anything in your follow-up audit, is there a real plan to get us to the national standard and when could we reasonably expect that to be achieved?

MR. PICKUP: In terms of the national standard of six months, it is the Health Authority who have indicated - and we have included their response in our report - that they will meet that national standard by 2020. We talked in the report about what they told us they are doing in regard to that but my point was that the initial audits said there should be interim public targets.

If you're currently at a year and a half wait time, for example, on a knee replacement or a hip replacement and your plan is to get to six months within two years essentially, from 2018 to 2020, what are going to be the goal posts along the way so that you can look and say, okay, maybe in four months we expect to be here, in eight months we expect to be here, in 12 months we expect to be here. That was the discussion from the original audit in 2014. That was agreed to and that continues to be the recommendation. That continues to be agreed to.

MR. HOUSTON: So, you haven't seen that. None of that work has been done. The path hasn't been charted.

MR. PICKUP: The recommendation that we had was on the public reporting of these targets, which the Health Authority agreed to.

When we came back and we sat down to do this this year, as our starting point we asked the organization: Where do you think you are? The Health Authority, in complete fairness to them, said we are not completing those recommendations; we are not going to try to argue or complete. We are not complete; however, here is our story; here is our situation - and we reported some of that.

We didn't audit this because this is just a follow-up and when somebody says they are not complete, generally we just record a not-complete. But because of the importance of the issues at the Health Authority, we thought it was important to incorporate some context.

They indicated the actions they are doing, and they are working on a number of things that they believe will see them meet the national standards by 2020. We haven't audited that; we included that for context. And I cannot speak for the Health Authority, but they would say that they are going to meet those targets by 2020.

MR. HOUSTON: Did they show you any kind of math as to how - there were additional surgeries last year and there are additional surgeries in the budget this year, so if you look at where we are and you say this many additional surgeries minus this? I did some quick math and I don't see - from what has been publicly disclosed - how they can possibly get down to the standard. Did they produce any kind of a spreadsheet for you?

MR. PICKUP: I do want to say that given that we are following up only on the 20 audits. We did not re-audit this; we didn't open it all up to looking for new information. If somebody says they are not complete, we generally accept not complete and turn it over to you folks to say, okay, you folk have the discussion with the organization to the extent you are concerned about the not-complete.

Having said that, it is very unusual for us to include the type of context that we did on the Health Authority, but I thought it was important. Myself and the folks here with me went out and met with the CEO and the senior folks at the Health Authority and said, tell us what you are doing to work on these things. That is why we have the summary on Pages 12 and 13.

I think public targets are important because if you look back at the 2014 audit, we reported the 2013 wait times, which for knee and hip replacements essentially were a year and a half. So we are five years later, the 2018 actual wait times just came out for the last quarter in March, and they are essentially unmoved from where they were five years ago. So we said okay and of more importance, I think, is why public targets need to be there.

If you look at the information we've presented in the report, the Health Authority has said they are working on enhanced communication to offer the public and they have indicated that they are doing some of these things internally.

To your question, we did not try to re-audit or reopen this up. We did just want to provide that information to you as to what they have said they are doing.

MR. HOUSTON: Okay, so the Premier says we'll get there in 2018, and the Health Authority says we'll get there by 2020. Maybe those two statements will turn out to be consistent, I guess. Time will tell on that one.

You mentioned that the Health Authority is investing resources in communications, and they talk about new communication tools are being created to provide more information to Nova Scotians about wait times and the "gains being made". I think you just indicated that there really haven't been any gains made. When you see communication

exercises derived around saying how great things they are - we call that a political exercise, as opposed to a practical exercise.

Are you okay when you see them talking about investing in communication tools as opposed to actually improving the wait times?

I guess it goes back to my thing, do you have any - I guess you have no reason to be confident that the 2020 will be met, or concerned it won't. You just have no reason to have any emotional feeling either way?

MR. PICKUP: We haven't assessed the likelihood, of course, of that happening or the actions that are indicated, but to me it's a very simple issue on the public reporting of targets. You indicate to people that here's where we are and here's where we think we are going to be in terms of how we are going to get from the year and a half, for example, along the way over the next two years to get to that six months for 2020.

It's very complicated, of course, but it boils down to that simple point of telling people where you think you are going to be along the path over the next two years.

[9:15 a.m.]

MR. HOUSTON: Accountability is what that refers to. Sometimes governments just say things and then they don't really have a plan as to how to get there. Lots of people have been still waiting for a doctor for every Nova Scotian - that was promised five years ago. I like what you're doing in trying to get some accountability and some reporting out there. Hopefully there will be some response in time to that.

I want to move on to drinking water. Five recommendations from the safe drinking water audit have yet to be completed; that's pretty concerning to me. We're talking about drinking water and we have five recommendations that have yet to be completed, two years after they've been made. The department has said it's a work in progress - are you confident those recommendations will be completed at some point? If you go back two years from now again, or five or ten years, do you have any confidence those recommendations will be completed?

MR. CHAIRMAN: Mr. Atherton.

MR. ANDREW ATHERTON: I think at this stage, we've looked at what they have done, where we have concerns we'll consider it for a future audit. At this point, the work they have done has addressed a lot of the specific inspections and procedures the workers need to do. The outstanding recommendations deal largely with the quality assurance type of oversight within the department, that the department management becomes aware of what's happening and is able to address future concerns.



MR. HOUSTON: Last week at Public Accounts Committee, the Deputy Minister of the Environment stated that she had every confidence the drinking water in Nova Scotia is safe. Based on your audit of the department and the practices within the department and the recommendations you made, do you have any reason to share her confidence?

MR. ATHERTON: Our follow-up work isn't to look and see whether the drinking water is safe. We're looking at the follow-up on the recommendations that we've made, and assessing where the department is in terms of those. I don't have an opinion as far as the deputy's perspective on things.

MR. HOUSTON: Okay, fair enough. If you were to hear tomorrow there was a major issue with the drinking water somewhere in Nova Scotia, would you be surprised? Would that be one of the situations where everyone pulled out this two-year-old Auditor General Report and say, it was right in front of us, folks. Would you be surprised if you heard tomorrow there was a major issue with drinking water somewhere in this province?

MR. ATHERTON: I wouldn't be surprised or not surprised in terms of the audit, in terms of my experience with it. The department has been working to address the recommendations, there are clearly recommendations that are outstanding. That wouldn't lead me to surprise or not surprise if a situation was uncovered. From our perspective, if something occurred, it would go into our planning perspective. We would look at it and say, maybe we need to revisit this area. But that's no different than anything that happens across the province.

MR. HOUSTON: Mr. Pickup, the door is wide open for an issue with drinking water in this province until these recommendations are followed, is it not?

MR. PICKUP: I think on any of our audits and any of our recommendations - and I would include the public drinking water - I think doing the recommendations or not doing the recommendations isn't a guarantee of something happening or not happening.

I think the point of why we pick audits that are riskier areas or important areas and why we make recommendations that we think add value is because we have to believe that when things are not done, there always will be the underlying risk that may be associated with the uniqueness of each of the five recommendations. I think I have to hold to a point on all the recommendations and say when a recommendation is not done, with that comes a level of inherent risk that relates to not doing it. That's why we made the recommendations is to cover off a risk.

But, on any of these things, you can't say by not doing A, B and C will happen for sure. No, the reason why you want to do A is hopefully that will give you some assurance and lower the inherent risk of something bad happening.

MR. HOUSTON: Risk mitigation - that's what these recommendations are about, especially the ones around the environment and community services. We'll talk about that next. But it's risk mitigation. When the Office of the Auditor General identifies some ways to mitigate risk, it should be a priority of the department to act on those, right?

MR. PICKUP: What I think I would add to that is that if it wasn't important, or it was no longer an issue, then we have the dialogue as we go through this to have that discussion with the organization that we audit to say, do you still support this? Do you still intend to do it? The answer in 99 per cent of the cases is yes, the recommendation is still relevant. I think that's why we do these things. You can then engage as you feel appropriate with the organizations we audit to say, what does this mean? You have five recommendations not done. It has been X number of years. What are the underlying risks here?

MR. HOUSTON: Have you ever considered, when you make the recommendation, putting an expected completion date? This is a recommendation you should be able to do this week with a couple of changes to policy in the department. This one might take you a little bit longer because you have to update your computer systems. Is there that type of discussion?

MR. PICKUP: I have three points on that. One would be that we generally expect that recommendations should be able to be done in two years. Most of these are designed to be things that shouldn't take 25 years to do. There is that point.

The second point is, we're the auditors; we're not management. Decisions on risk management, decisions on where to allocate resources, and decisions on what to do are really left up to the people running government. Ultimately, a decision to do something or not to do something is that of government, and it's for them to answer to members of the Legislature - the Public Accounts Committee, for example - as to why exactly they do that.

I said there were three points. The third point is, when we get a response to the recommendations that we include in the audits, we very much encourage entities to tell the full picture in terms of if they think something is going to take four years, tell us that in the response, and we'll report that. If we think that's not reasonable, we'll have that discussion with the Public Accounts Committee. We'll have a chat about that.

I/we have been very much encouraging the organizations we audit to make sure they agree to try and be specific on the response, and try and put timelines around the response. I think I have seen improvement over the last four years on doing that, but we're not fully there. Part of it is, we have more to do on encouraging organizations to do that. I think that will help you folks so that when you see an organization that just got audited, you can see their response and the commitment they made.

MR. HOUSTON: I want to move on to Community Services. The computer systems used by Community Services could best be described as kind of an orphan system. It's obviously an older system in many respects. There's a lot of risk in that computer system. There's a lot of uncompleted recommendations around the tracking that's done by it, the security that's inherent in it. There's a lot of risk. What did you think when you saw that two years later, they hadn't acted on many of the recommendations around that computer system?

MR. ATHERTON: When we looked at this one, what I see is that many of the specific control-related changes that we recommended have been made. The outstanding recommendations specifically to Community Services, two of them - Nos. 10 and 11 - are still the basic frameworks and controls that are needed to manage risks.

The other two - Nos. 6 and 7 - relate to ensuring proper business continuity planning. They're not specific to controls, more big-picture work that ties in nicely with our business continuity management chapter. There are some controls that are still outstanding, and they are working towards accomplishing those.

MR. PICKUP: If I could, with all due respect, make a suggestion - although I haven't been asked for a suggestion, I hope I'm allowed to do that. Maybe the committee wants to consider writing a letter to each of these organizations here, the 15 of them, to say, can you let us know when you're going to have these recommendations complete? What are the risks to doing these - in two pages or less, not 35 pages for each one. That might be something you want to do, given the types of questions that you're asking. Again, that's just a suggestion.

MR. HOUSTON: I like the suggestion. I'm sure we'll come back to that. But the business continuity risks are very real. If this system goes down, this could be a big mess on our hands here, in terms of making sure people continue to get paid, making sure that people are paid who should be paid, and controlling their data - it's very important data that's in there.

There is no real business continuity business plan, and if this old, antiquated system goes down, we're going to deal with it at the time. Is that really what the department is saying by not addressing these?

MR. CHAIRMAN: Time has expired. We'll move to the NDP caucus. Ms. Roberts of the NDP, you have 20 minutes.

MS. LISA ROBERTS: Thank you very much. Obviously these recommendations relate to a great number of different departments and different programs, so forgive me if it feels like I jump around a little bit.

I was just looking at the recommendations related to aquaculture monitoring. I am the spokesperson on Fisheries and Aquaculture, and just recently had the opportunity to question the minister in Estimates.

I guess I'm surprised to see the number of recommendations related to incomplete work, really. For example, one of the recommendations was that, "The Department of Environment should develop and implement detailed written guidelines for assessing aquaculture applications, including the requirement for staff to fully document their decisions." That is not complete.

Also, the department to "... determine which fish diseases it needs to monitor and establish an appropriate reporting process to obtain the information from aquaculture operators" - not complete. There's also another incomplete recommendation related to policies and procedures respecting fish health, including regulatory requirements.

Can you speak to me a little bit more about why those recommendations were originally made and what is at stake that they remain incomplete, particularly given the public concern that is frequently expressed related to aquaculture operations?

MR. CHAIRMAN: Ms. Chiasson.

MS. DIANNE CHIASSON: When we originally did the audit, the department was just completing some changes in regulations. When we looked at the fish health program - which two of the three outstanding recommendations relate to - the fish health program was essentially a volunteer program in that they were offering these services to anyone in the aquaculture field, where they would provide testing on fish, et cetera.

It was not a regulatory program in that they had rules and regulations that you have to do this and that and their processes would make sure that was happening. This was basically voluntary. The government was also interested in monitoring certain fish diseases, say, but they hadn't established exactly what those ones were and there was nothing in place to make it happen. They were relying on what was in place federally, so our recommendations were around that: this is where you want to go, and it appeared the regulation changes were going to go there, so in order to do it you need to establish, okay, what diseases is it you want to monitor, and you need to put in place processes to make that happen.

That's where these recommendations came up, and as of right now, they are not complete.

MS. ROBERTS: In the process of revisiting these recommendations, did you have an opportunity to speak to the department about why those recommendations have been left incomplete?

MS. CHIASSON: No, because as part of the follow-up process, we follow up and if the department says they are not done, then we take their word and we don't do any further work on it. It's only if they said it was complete that we would look at it to see if indeed it was.

MS. ROBERTS: Okay, thank you. The Department of Environment has been the subject of several recent audits. Of course the drinking water audit, where there are a number of incomplete recommendations, also falls under Environment.

We're some time out from revisiting the more recent recommendations to the Department of Environment. Is there any conclusion we should reach from the fact that several recommendations have not been pursued and completed related to the drinking water audit that falls under that department?

[9:30 a.m.]

MR. PICKUP: I don't necessarily think that A equals B yet. History is sometimes a good predictor of the future. I would say, looking at it from an auditor's lens, that if we have organizations that continuously lag behind on implementing our recommendations, those are ones that we would watch closer in terms of looking at a number of issues.

I'm trying to say that it doesn't necessarily mean that they're not going to get those things done, but I think they're worth paying attention to if they are one of the laggards that aren't getting things done as quickly as some of the others.

MS. ROBERTS: I'm going to continue with the Department of Natural Resources. All of these happen to be my critic areas.

There is a number of incomplete recommendations related to verification of royalties and requesting information from businesses engaged in mining in the province. For example, "The Department of Natural Resources should verify and document mineral incentive grant requirements are met before final payments are made." That's a recommendation that's not complete. Does that mean that the department is potentially releasing incentive grant funds to groups that are actually not eligible for those grants?

MS. CHIASSON: That relates to some specific grant programs that we were looking at. If a department doesn't verify that all the expenses that are required to be spent before money is given out, if they give out the money before they have verified that, then there is a risk that they could be overpaying on a grant because the applicant, in fact, didn't incur all the expenses that they should have in order to earn the full amount of the grant. So it is a risk, and that's why we made that recommendation.

MS. ROBERTS: Mining and mineral resources has just been moved from the Department of Natural Resources to the Department of Energy. In a number of cases -

certainly in public comments related to the audit just yesterday - the explanation for why certain recommendations have not been completed is that they're undergoing some sort of structural change or reorganization.

In conversations with the department, are you concerned that these mineral mining-related recommendations may not be followed further with DNR because, in fact, those responsibilities are now switching to the Department of Energy?

MS. CHIASSON: I am hopeful that they will take the recommendations with them. We will still be following up on them and looking to see if they're complete. If the responsibility has shifted to the Department of Energy, then we would be looking there ultimately to ask, have these things been put in place? So it wouldn't eliminate the recommendations just because of a transfer to another department.

MR. PICKUP: I would agree with Ms. Chiasson. The only thing that I would add is that we engage with the organizations we audit. We say, have a discussion with us if you think, because of organizational change or change to approach to programs and services, that our recommendations are no longer relevant. Don't just say, not complete and put them in that category. Let's have a discussion around whether they continue to be relevant.

In this case, this year, out of 53 recommendations, there is only one where we had that discussion with anybody around a recommendation not still being relevant. I think part of that is because we try to make recommendations that really are principals-based and are about approaching and promoting good government and the structure of that. Notwithstanding who might be the delivery agent or how it is being delivered, generally these things are transferrable from one entity to the other. I just wanted to add those comments to what Ms. Chiasson said.

MS. ROBERTS: That leads me to a number of recommendations, particularly related to surgery wait-time performance targets. Recommendations that were made to a number of separate health authorities, many of which - well, seven of which - were amalgamated into the Nova Scotia Health Authority.

I think I did hear that excuse, that there was time occupied in amalgamation and reorganization. When you checked in with the Nova Scotia Health Authority related to those recommendations, was there any further discussion about why those recommendations were not complete?

MR. PICKUP: On the surgical wait-times, when we got the package as we normally do, and how we approach this - and the organization said, not complete, so five of the seven recommendations not complete in this case. Normally, that's where we would stop, because there is little risk. In this case, with the Health Authority, we took a different approach, and me and the folks with me went out and met with the CEO and her senior folks, and said let's engage in some discussion. There was never pushback on the recommendations not

being relevant, there was never pushback to try to get things complete, to say they were complete when they're not.

The discussion was around the substance of what they're trying to achieve over the next two years to meet those national standards. What we did, I think in fairness, is report in our report - which we normally wouldn't do - a page summary to say, here is what the Health Authority has indicated that they are doing, without us giving some sort of forward looking to say, yes that will work, and yes, that means you will achieve this. No audit, but just some context to say, here's what they are doing.

But it was very much an in-substance discussion. Now, having said that, I still say the recommendations are not complete and the ought to be complete, and they agree and continue to agree with them. So, it's a little more complicated with the Health Authority, but at no point did they say these are no longer relevant, or it's only been three years, give us more time. So, it's a more complicated story for us, and for them.

MS. ROBERTS: You know, I sort of envy you that you got to have that conversation with the Nova Scotia Health Authority's leadership, because of course, the public and Opposition members don't get to see if those conversations are happening at the board level, because the board meetings and agendas are both closed to the public. We feel that that lack of accountability and transparency is significant and troubling, especially since we have the only provincial health authority that meets in secret.

Do you think that opening up the Nova Scotia Health Authority would be productive for maintaining pressure in between audits, because at least we could see if this recommendation is coming back to the board level, if there is a check-in, if there is work in progress?

MR. PICKUP: There are a lot of answers I would give to that question. In terms of our access, we don't have any issue, of course - nobody's ever said no when I've called and asked to go meet with them. We have excellent cooperation, and I think that's important. I want people in the House to realize, and all of Nova Scotians to realize that we have an excellent professional relationship with the Health Authority - it's independent, but it's a professional relationship. There are no disagreements here, they're very upfront, and if anything, something I've learned from this follow-up is the respect I have for the Health Authority in terms of not playing any games to say, well, those recommendations were before we existed, they're not for us. No, they realize these things make sense, and here's where they are.

We have no issues on access, we're providing the follow-up, we have followed up that audit for two years, and we're providing the information to you. I think we've been more than encouraging to the Public Accounts Committee in a respectful way, to say we really believe that you should call in these organizations we audit, to talk about the audits that they have received, to talk about the work that we do. I think we're very much doing

our part that way, and I have no issue with any of the organizations that we audit throughout government.

In terms of openness and transparency, to go more specifically into some of your question in terms of how they decide to run an organization, what's important for us is that oversight happens in substance so that things are getting done. In this report when we talk about 75 per cent being the highest completion rate, we attribute part of that to the oversight that is happening within government, both by those overseeing organizations but also the senior management folks, the deputy minister group, the ministers. We refer to all of that.

I'm convinced, when I meet with people in oversight - now that I've been doing this job for four years - that they get the importance of these things. For me, oversight from my perspective is from the perspective of areas of audit, results of audit, and then the follow-up. This report, to me, is a sign that something is working better than it did and things are heading in the right direction.

In terms of how the Health Authority runs its month-to-month business and in terms of what should be open and what should be available, those are very much going into more policy types of discussion, and I think there are lots of expert opinions I'm sure on what is open and transparent government, but I'll leave that to those experts.

MS. ROBERTS: Thank you for that answer. Further to the wait times, the wait times do seem to be related somehow to operating room scheduling and there are a number of incomplete recommendations related to policies around operating room utilization and scheduling.

When the NSHA was here and TIR was here, a number of sessions ago, I was asking for information about whether the QEII redevelopment process is being informed by full information about current utilization. I find it very concerning that there are outstanding recommendations related to that. Surely if you're building new facilities, you should understand completely where you're at now in terms of utilization.

Would you agree with that assessment, that there's some connection between these incomplete audit recommendations and what actual facilities we need to be building in terms of operating rooms to be meeting surgical wait times?

MR. PICKUP: I will have to stick to the audit results from the 2014 audit, recognizing that we haven't reopened this up and done any audits. But I would say, by the recommendations not being complete, that does leave exposures when things are not complete in terms of the underlying issue that that addressed. You have a bit of an update, and with all due respect I would say I'd probably go back to a suggestion I made earlier, that it may be time to reach out to this organization to say you agree with the five recommendations that are outstanding, when will you have those done, what are the risks to getting them done by that time, and give us specific timelines.



With all due respect, I would say that's fair game for a Public Accounts Committee to ask that organization. It shouldn't be me answering to that, and I won't attempt to answer to that on behalf of the Health Authority, but it should be the folks we audit that answer those questions for you.

MS. ROBERTS: Thank you. Those recommendations were made to Annapolis Valley Health, to Capital Health, and to the IWK. Of course, the IWK was able to complete their work on operating room policies. When you looked at the evidence of that recommendation to the IWK being complete, what did you see?

MR. PICKUP: Those were complete last year so we would have satisfied ourselves. This is somewhat of a general answer, but we would have satisfied ourselves that the underlying response to the issue and the recommendation would have been covered. We're doing, not just sort of a just tell me something, we would ask for evidence, somethings happening, reports, typical audit type of inquiries to review level of assurance.

A bit of an audit answer there, but when we come and bring comfort and we say something is complete then we've seen the evidence to show it's complete. I can't give you all the specifics as to what we looked at.

[9:45 a.m.]

MS. ROBERTS: I was just given the one-minute warning, and my next question would take me a minute to deliver, so I think I'll pass the time over. Thank you.

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

MR. BEN JESSOME: Thank you, folks, for your time this morning. I'd just like to begin by inquiring if there are particular things with respect to reporting or with respect - I guess I'm just asking generally - that would attribute to satisfying a more consistent number of recommendations, in your view.

MR. PICKUP: If I'm not fully answering the heart of your question, just come back at me. I think I know where I'm heading, but I may be just using it as an opportunity to answer a question that I think you are asking.

Let's put aside for a second the overall positive results, for example, that we have at the 75 per cent. Let's focus on 25 per cent that can do better. What we have said is that those organizations, there's seven or eight of them - we should look to those organizations that are getting 100 per cent - which there were 12 of - and say, okay, what is happening there? I think that is at the government level, organizations dealing with each other.

I think you are asking me what might happen to move these 25 per cent along more quickly and see a higher rate than 75 per cent. I do think I'm convinced that the

organizations that have accepted 99 per cent of these recommendations continue to accept them, so I think the will is there. I think the acceptance is there.

I think some extra scrutiny from the Public Accounts Committee, for example, we've given you today the 15 audits where the number of not-complete recommendations is fairly high - I think it's reaching out to these organizations to say you want to know why and you want to know when they are going to do it. Given that we're in a world here that is somewhat enviable in that we're not in a disagreement about whether they should be done, it's a matter of when they're going to be done, I think that's a much easier job for us, the organizations we audit, and the Public Accounts Committee to say, okay then, if the discussion is around when these things are going to happen, not if they are going to happen, let's do that.

I think if I answered your question, I do see how the Public Accounts Committee could play more of a role in following through. The other thing I might suggest, since you've given me the opportunity - the government has an audit committee, and there is an Internal Audit Centre within government. It might be something to look at those organizations to, well, can you play a role in providing the Public Accounts Committee with some interim updates, for example? Like maybe we come back after two years, but maybe you want to know beforehand, so you can start making some inquiries to try to push this along so that rather than wait for us to come to say there are 25 per cent not done, that with some extra pressure - I don't mean to suggest that people only do things because of pressure, but I think it's an added element of accountability, that it may move that 75 per cent up even higher, which everybody will benefit from.

A long answer to what I think was the heart of the question, but I hope I answered your question.

MR. JESSOME: Yes, thank you - through the Chair, I appreciate that response. I would like to attempt to dive a little bit deeper. I guess that practically speaking, every department does things slightly differently than the next.

I guess what I'm precisely looking to try and identify - my understanding of the role of the Auditor General's Office is that you report, or the office reports, on the information that they are able to acquire from departments. Are there particular things that departments across government are doing - consistencies or best practices - that would give your office more substantial ability to identify that recommendations are being completed. Are there activities that they are taking that are able to lend themselves positively to reporting?

MR. PICKUP: I think I would refer to a couple of positive things that are happening, and then some suggestions on other things that could happen that may contribute.

One of the things I think is important and has made a difference is, I know the Clerk of the Executive Council, who is like the senior Deputy Minister, has made it very important - as has her predecessor - to incorporate how these organizations are doing on follow-up in her accountabilities with the Deputy Ministers who report to her. I have met with her enough to get a sense that she has instilled that message to folks. Not that people only do things because of that, that's not what I'm suggesting, but I think, once it gets to that level, has that oversight, and it's important, that contributes over the past four years, to the increased efforts.

I have started going in and having a discussion once or twice a year with the entire deputy minister community to chat about things that are important to me in the office, including the follow-up of recommendations. We've had some dialogue back and forth - are there things we can do differently, are our recommendations clear? If anything, I've really encouraged the deputy ministers to say early on, when we are in the clearance, if you have an issue with a recommendation, let's have that discussion, because we want to make recommendations that are going to be doable and that will result in change. There's no sense in us coming back here every two years and saying that nothing got done, none of the recommendations are going to be implemented, and just keep doing that. That doesn't make any sense for me or for anybody.

I think those types of things have made a difference. I think the government audit committee that they have in place - it's internal to government and it's within the deputy ministers side - I think that has made a difference. There is a system called - and I hope I'm not giving you too many details - but there's a system called TAGR, which is the tracking of Auditor General recommendations and reports that they use within the government to monitor what is happening with our recommendations, and all of those things contribute.

In my perspective, having been at this for 30 years, I think there is a different relationship and a different view of audit than there was 30 years ago. The sense I get is that they look at us as adding value and being an important step. I think that actually helps that outlook. I think all of those things have contributed to the increased completion rates.

I think there are still things that could happen better in terms of increasing that, and that may be a little more reporting back to PAC on an interim basis from the internal audit group or from the audit committee, some sort of ongoing mechanism where you folks have a little bit more of a role. It would also give you the opportunity to be a bit more proactive, to say, we are already hearing that these ones are on-track or off-track.

Maybe we want to get engaged with an organization earlier on to say, it's only been a year and the AG isn't coming back for a couple of years, but it's not looking too promising here. Why? Let's have a discussion. In some cases, you may say yes, that makes sense, and in other cases you may say, this doesn't make sense to us and here is some feedback we will give you.

I am trying to give you a sense of the positive things that I think have contributed, which I think are tangible changes, and then some areas where I think could probably even enhance the rates that exist today.

MR. JESSOME: I would absolutely, humbly agree with you in the sense that there is value in a second set of eyes on something. Whether it's constructive criticism, positive feedback, what have you, no one person - or even one office, necessarily - is going to right the ship, so to speak. It's important that there are different sets of eyes on anything. I'm pleased to hear that the deputies across the board are taking that very seriously, as I would anticipate they would, and seeking and appreciating the feedback that they're receiving through these audit processes as a means to improve public services.

I would like to shift gears a little bit. On a couple of different occasions, we have referenced, and I guess it's common practice, based on my short experience on this committee, that these audits have a two-year window. Mr. Pickup, you have indicated that you're focused on trying to establish recommendations that are achievable within that time frame. I think of some of the major things that have taken place - the prime example is the amalgamation of the Health Authorities. But my question is more general than that.

When you're trying to identify recommendations, if I'm understanding you correctly, your goal is to try and create attainable recommendations. How do you weigh in on things that perhaps would take a more substantial amount of time than the two-year window that we're talking about here?

MR. PICKUP: I probably didn't do as great a job at explaining this part up front, but I'll add it on now without trying to do a sort of audit 101. The recommendations that we make are very much flowing out of the conclusion that we make on an audit objective. For example, did you follow the delegation of signing authorities to approve cheques? That could be the audit question. We would do the work, and let's say it wasn't followed. The audit recommendation would be, you should follow your delegation of signing authorities. So the recommendations very much flow out of that.

Now to your question, can they generally be acted upon within the two years, I think yes. I think the demonstration of that has happened this year with 12 organizations achieving 100 per cent. I would go back to something that I said earlier that I would like to say again, which is that where organizations feel or think that it's going to take longer than two years, I encourage them to put that in the response to say, realistically, this is going to take us three years or four years.

Just on the example I would give with the surgical wait times, one of the recommendations that I think you subtly referred to was the public reporting of interim targets. That was about putting the targets out there as to what you think you're going to achieve, not about achieving your 2020 target or the national standard quicker. It was just

about sharing with people when you think you're going to achieve and how you're going to achieve along the path to 2020.

It seems like a subtle difference, but it is quite a difference to say, report the targets now that you should be able to achieve. We're not saying achieve the actual national standard within a certain amount of time. That is a management decision and a management call. Even on that one, on the Health Authority ones, I would argue that those recommendations would generally be attainable within the two-year period as well.

MR. JESSOME: In my short time on this committee it has appeared, I guess, common practice, and reasonably so, that most departments that undergo some type of an audit, that receive your recommendations or your office's recommendations, are in acceptance of those recommendations as constructive criticism and an opportunity to try to better facilitate public services generally. That's been my view on the different audits that I've seen your office present.

[10:00 a.m.]

Moving to the Auditor General's Office setting an initial goal of an 80 per cent completion rate, I'm just wondering, more thoroughly, where that percentage comes from? How do we compare to other jurisdictions? I think it's important to your previous comments; it is important to set goals that are achievable. So in terms of how other jurisdictions might set that target figure, where do we stack up as a province amongst, at least, the federation?

MR. PICKUP: In answer to the first part of that question, that 80 per cent that we set as a target is very much a judgement, and I would say very much specific to the environment that we are in.

When I came here in 2014, at that point the target was 90 per cent, and we were looking at an actual rate of just over 50 per cent. I've been at this for 30 years, and spent 25 years at the Office of the Auditor General of Canada before taking on the AG role here. One of the things I realized is that we could shoot for 90 per cent or 100 per cent, or say the goal is 90 per cent or 100 per cent, but if we're actually at 50 per cent and recognizing the severity of some of the issues, a more reasonable goal at the time and for now is 80 per cent.

Now once the government surpasses the 80 per cent, or is getting closer, these are things we continuously re-evaluate as we look at our business plan, but keep in mind, that 80 per cent is our objective. It may be a question for the government to say, what is your own objective? You know, if the Auditor General says, he would like to see 80 per cent done within two years, what is your goal or objective? That may be an interesting question.

Now, to the heart of your question in terms of what's happening across the country. When I worked at the Office of the Auditor General of Canada, what we did over time is, we very much got out of this follow-up business in terms of giving complete follow-up reports on all of the audits. While I don't speak for that office, the reason why we did that - based on my experience - was because of the maturity of internal audit within each of the departments, they were able to do this work and report to audit committees of departments that included independent, mostly private sector members on these audit committees.

The follow-up was actually being done within each of the entities and organizations by a very professional and sophisticated internal audit group, so it was different. We were able to get out of that business of doing the follow-up, which in many ways is very advanced but makes a lot of sense because ultimately, why does an organization want to implement recommendations of the AG? It's not to please the AG - it's to make a better organization for themselves. It very much made sense that we got out of that business.

I'm not announcing today that we're getting out of that business, here it's a different scenario and it's a different environment. We'll stay in this business right now. That was the federal experience, which was my experience over that quarter-century.

In terms of other provinces across the country, it really does vary in terms of who does follow-up, who doesn't do follow-up, whether there's audits done on the follow-up, or if there's just reporting of a self-assessment by government. Maybe the government said, we believe we did this, this, and this, and that gets reported without any audit work done, which would be different than what happens here, where we do audit-type work on what gets reported.

So I can't give you an easy - but I get it. I think that would be very useful, but that doesn't exist across the country where we all have these follow-ups where we can easily compare across the jurisdictions, and be able to say, well, Nova Scotia is at 75.

MR. CHAIRMAN: Order. I'm sorry, the time has expired. We'll move to the PC caucus and Mr. Houston for 15 minutes.

MR. HOUSTON: I do want to go back to the Community Services computer system and the business continuity plan. If that computer system were to fail, there are some significant risks around the vulnerability of the data that's in there, who gets paid, are the correct people being paid the correct amounts, all these types of things.

The risks are serious with not having the business continuity plan. What are some of the risks that you, as a group, have identified?

MR. ATHERTON: I think you covered them quite nicely, some of the key risks. Certainly in a Community Services-based system, ensuring that the payments get to the people who need it isn't probably the ultimate risk; the security of data is important.

Obviously that wasn't part of what we were looking at with follow up. That's what we would have looked at in our original audit, identified the need for the business continuity plan to be in place.

MR. HOUSTON: If the system were to fail and there's no backup plan in place, people receiving assistance, assistance recipients, could be left without access to funding, right?

MR. ATHERTON: That would theoretically be the case. At this stage I'm not saying there's no backup plan in place. Our audit in 2014 identified the need for a business continuity plan and identified some key things that needed to be there.

Our follow-up work, the department indicated they weren't complete at this stage. I can't speak to whether they are partially complete or have nothing in place at all. That's not part of what we were looking at so you would need to call the department in and ask the deputy where they stand and what their backup plans are.

MR. HOUSTON: Okay, that's interesting. With the Health Authority and the wait times, they indicated "not complete, but . . .", and then gave an explanation that made it into the report.

In terms of Community Services around this serious issue, they indicated "not complete" but they didn't try to justify it with a series of buts. In other words, "but we have this to mitigate the risk" or "but we have that".

MR. PICKUP: I think in fairness to that organization, the way we approach this is we don't as a standard practice, if it's not complete we just put in the box of not complete and then turn it over to you folks for discussion. So we don't reach out, given that we have 20 audits here with so many organizations. It was exceptional and unusual that we reached out to the Health Authority to include that narrative. That was only because I thought it was important, very important that we include that. For all of these others we're providing this to you with hopes that you'll reach out to some of these organizations to get updated.

MR. HOUSTON: Okay. So for the most part it was just the interaction for this follow-up was limited to, have you completed this recommendation or not?

MR. PICKUP: When we ask, have you completed or not, the ones that we do audit-related work on are those where an organization says, we have completed. So where you say you have completed, show us what you've done, and that's when we select what procedures we want to do.

When someone says not complete, okay, that goes in our bucket of not complete. There really is no risk in terms of coming to you with something that is complete that should be not complete. That is where we focus, on those complete.

MR. HOUSTON: In terms of Community Services, one of the risks that was identified back in the initial audit was around the controls, that people who really aren't eligible for assistance are receiving assistance or continue to receive assistance after they are no longer eligible. That's the risk.

I'm just trying to remember back - and you might have it at hand, Mr. Atherton. Did the audit at the time find any in the sample size where inappropriate payments had been made?

MR. ATHERTON: I'm afraid I'm not up to speed on the details from that time.

MR. HOUSTON: Okay, that's fine. I do want to move on to Fisheries and Aquaculture; I'm going to spring into action here. The recommendation for Fisheries and Aquaculture at the time was that the department implement detailed written guidelines for assessing aquaculture applications. This recommendation remains not complete.

I guess I probably know the answer, but I'm going to ask it anyway - do you know how applications are being processed in the absence of written guidelines for processing applications?

MS. CHIASSON: From the original audit work we had, they had processes that they followed and they had almost like a checklist in a way that they would follow, but the details within that checklist were very minimal. So our recommendation around that was, you need to provide more detail and guidance to your staff as to what exactly they should be looking at and how they should assess whatever that particular piece was, so that it ensures some consistency across what everyone is doing. So that is what that recommendation was addressing.

MR. HOUSTON: And it's not complete.

MS. CHIASSON: It's not complete.

MR. HOUSTON: To me, if that was my son I'd say, come on, man. How can you not have the written thing? I guess that surprises me. I'm coming to learn that folks at the Auditor General staff don't get surprised, or not surprised by things - they just accept what's there as a reality. I don't know how you can run a department without something like that.

And, of course, they haven't indicated as to whether they'll get around to doing it at some point. For now, it is just not complete.

MS. CHIASSON: They've said it's not complete, but that also indicates they still accept that the recommendation is valid and they are working towards it.



MR. PICKUP: The only quick thing I would add is the reason why we are not surprised is that it goes to our objective mind. We go into these things open-minded, so if we were to presume an answer that's when we would be surprised. It doesn't mean we don't care; of course, we do. It just means we're not surprised.

MR. HOUSTON: I understand. I want to talk about the Department of Internal Services. You have a recommendation that the Department of Internal Services should implement an after-the-fact vendor review. This recommendation is still not complete. I mean, we're living in a world where technology moves pretty quickly - Uber has figured this out, Yelp has figured this out; Apple Store has figured out how to do these types of things. Doing an after-the-fact review shouldn't be that complicated. It should be something that the Department of Internal Services could figure out.

Did you have any sense of what the holdup is as to why the Department of Internal Services can't figure out how to do an after-the-fact vendor review?

MS. CHIASSON: Not to sound like a stuck record, but again this was a recommendation that was not complete, so when we saw that the department had assessed it as not complete, it went into our not complete bucket and that was the end of our work on that. Had they said it was complete, we would have looked at what they have been doing to show that they have implemented it. But in this case, they said it was not complete, so that was the end of the work that we did on that one.

MR. HOUSTON: As long as the Department of Internal Services doesn't get around to coming up with a methodology for doing an after-the-fact review of the relationship with a vendor - as long as they don't get around to doing that, is it a risk that the province blindly continues to contract with bad vendors over and over because nobody has looked at how it has gone in the past? Is that a legitimate risk?

MS. CHIASSON: That recommendation was made because that's what doing a review afterwards would help mitigate - a risk that you had a vendor that had poor performance. So if you're in a future contract, it would be beneficial to know - if the vendor makes an offer again - that they might not be the best vendor to have or should be a factor considered. If you don't have this process to have that knowledge to be passed on, whoever has been looking at a new contract situation may or may not be aware of that.

MR. HOUSTON: At the time the recommendation was made, that means that there weren't mitigating policies that gave some comfort that the risk really didn't exist. Maybe we don't have a formal review process but we do this, this and this. That's not in place. If that were in place to a suitable degree, then the recommendation wouldn't have been made, correct? The fact that the recommendation was made suggests that there's no mitigating factors or policies.

MS. CHIASSON: I can't speak to the actual details of what went on at the audit at that time, but it would be reasonable that, had the department had an alternate process that

would mitigate that risk, they would have brought it up at the time, and we wouldn't have had a need for a recommendation. The recommendation suggests there wasn't something else in place.

[10:15 a.m.]

MR. HOUSTON: How are I doing for time, Mr. Chairman?

MR. CHAIRMAN: You have four minutes remaining.

MR. HOUSTON: I do want to move to the Department of Education and Early Childhood Development. There was a recommendation made that the department should clearly define and communicate responsibilities of board management and governing boards - clearly define the relationship and communication responsibilities between the boards and the department. I guess that's now complete as of wiping out the school boards?

MR. PICKUP: If you look at the recommendations that are not completed in the area of education and the audits we did on those, in terms of oversight, there are seven recommendations that we would still deem as relevant. There needs to be a look at the principles underlying those recommendations. Those recommendations are really about oversight. They're about looking at the assessment or the monitoring of student achievement. They're about looking at the types of information, those charged with oversight need.

The principles of those recommendations remain. Nobody has put forward the idea that those recommendations are no longer relevant. What we'll be looking for is for government to take its new structure and say, let's look at the principles behind those recommendations and see how we are now going to implement them. They're about oversight and accountability on student achievement. The principles are still there. How that is structured may be different, but the recommendations remain relevant.

MR. HOUSTON: In terms of Labour and Advanced Education, your office recommended that Labour and Advanced Education should develop and implement a new funding model without further delay. The recommendation was that a new funding model be developed without further delay; that was in November 2015. Would it be fair to say that there has been further delay?

MS. CHIASSON: When we went to follow up on it, it was not complete. As of our reporting date, it was not complete.

MR. HOUSTON: As we sit here today, do you have any reason to believe that there's a comprehensive, auditable funding model currently in place for funding of universities?

MS. CHIASSON: We'll be looking at it again next year, so we'll know next year when we do our follow-up. At this point, I don't know.

MR. HOUSTON: With some of the situations that have come to light around different little side deals for funding and stuff, when we look back, I think that we'll see that that recommendation probably would have protected a lot of people.

You removed one recommendation from your reports indicating that you agree with government management that the recommendation is no longer applicable. What was that recommendation?

MR. PICKUP: You'll have to remind us which one that was. I have the 52 not completes but we . . .

MR. HOUSTON: I think it's just stated in there that one was recommended, but it's no longer applicable.

MR. PICKUP: While they look for the specific recommendation, generally it's a high bar to get us to that point. So we would have a discussion around the principles underlying it and whether it's relevant or not. They must have convinced us that . . .

MR. CHAIRMAN: Order. Time has expired. We will move to the NDP Caucus. Ms. Roberts, you have 15 minutes.

MS. ROBERTS: I want to go to the responsible gambling recommendations. There were four recommendations not complete, and I recognize that they fall under the Department of Health and Wellness.

Our Party has just recently asked questions of the Minister of Finance and Treasury Board, which is responsible for the Responsible Gaming Strategy, and we asked questions about why the Responsible Gaming Strategy has not been updated since 2011. The response was that the ongoing strategy provides a guide for any government. I would just welcome your thoughts on whether strategies being updated is relevant to actually making progress on recommendations that fall within different departments, like in the case of responsible gaming, where there are multiple different departments involved.

MS. CHIASSON: The recommendations that are outstanding, the five related to the Department of Health and Wellness, are related to the prevention and treatment of problem gaming. It's on that side of what we did we the audit. It clearly was under the Department of Health and Wellness at that time, so that's who we would look to for completing those.

MS. ROBERTS: I'm going to just take this opportunity to sort of educate myself a bit. I am, as a relatively new MLA, constantly struck by the number of different strategies that have had significant public input and considerable government effort expended on

them. Certainly the Responsible Gaming Strategy is one of those, but I also think about the Natural Resources Strategy, the Dementia Strategy, the Mental Health and Addictions Strategy, and the Housing Strategy just to cite several that have been either fully abandoned or partially walked away from.

I just want to understand, from an auditor's perspective, to what extent would what you are auditing overlap with or would map onto any of those strategies? Are those just ephemera that are words, and it doesn't matter if citizens of Nova Scotia have spent thousands of volunteer hours setting certain goals? Does that not become a real thing within government that you could go back to and look at?

MR. PICKUP: Depending on the audit topic, when we set our audit criteria for something we're going to audit, we look at what the government has set out in terms of what they plan to do, respecting of course that we're the auditors. We're not there to set policy or put the plans into what government plans to do. We're there to audit how well government is doing what they said they were going to do essentially, if I simplify. If you take things like the mental health audit that we did, part of what we looked at in that audit was the Mental Health and Addictions Strategy that had come in a number of years ago and how that was implemented.

It very much is case-specific, respecting that at the end of the day, we're auditing the performance of what government is doing based on what it said it's going to do and what it set out to achieve. Depending on the area of audit that we're in, that could be policies, that could be strategies, that could be laws and regulations, or that could be any number of things. We're always in fairly safe territory, I think, when we do that, but it very much does relate to the circumstances around an audit at the time.

MS. ROBERTS: But the message to Nova Scotians who are asked, for example, to consult on a given strategy which may cut across departments, is that there is potential for that work to stick across changes in government and changes in policy direction.

MR. PICKUP: If we look back, and I'm going by memory here, so I'm going to test myself to some extent. We did that mental health management audit that we reported last year. In that, we looked at the mental health strategy that had been put in, I think around 2012 or 2013, under a previous government. That mental health strategy had been developed through a number of means, including consultations.

We looked at the strategy to say, okay, what has been done, who has had responsibility for what? I'm recalling in that report that we did, as an example, gender and diversity and the impacts upon mental health. That was one that got dropped, in terms of the amalgamation and between the Health Authority and the department, where each thought the other had taken responsibility. There's a very clear example where we say, here's something in the mental health strategy, it hasn't been implemented and it got dropped.

I would say the opposite, I guess. I would say that in some cases, like on that audit, we very much went back to say what happened to the strategy that was implemented.

MS. ROBERTS: Thank you for that answer. Again, just sort of taking this opportunity to educate myself a bit, many of the audits, some of them complete and some of them not complete, refer to business continuity. That's not a term I use, so I wonder if you could just do a little bit of Audit 101 on "business continuity."

MR. ATHERTON: Business continuity is basically how the department or agency will continue to do what it has determined are its key functions if some sort of a disaster happens - whether that's an IT system crashing or whether that's a natural disaster. It could be the flu pandemic from a few years ago. It's all about how a department or a business will continue its key, core business in the event of an emergency.

MS. ROBERTS: I note that one of the relatively few recommendations related to business continuity which is not complete pertains to the Department of Community Services, where there's a recommendation that it should work with the Department of Internal Services to incorporate its business continuity plan into the province's disaster recovery plan.

I recognize it's in the bucket of not-complete, but I'm trying to understand, would that have implications primarily for the department doing its work or would it have implications primarily for its clients, who we know are some of the most vulnerable Nova Scotians in terms of income level and the majority of them living with some form of disability? Is it the department's operations that are vulnerable because that recommendation is not complete, or is it the department?

MR. ATHERTON: I think that if the department's operations are vulnerable, then it's the people who are receiving those services who are really at risk; I think that would apply to any department. The department identifies what its key processes and key services are, but ultimately it's the people who receive those services who are exposed to the risk if something happens and there isn't an adequate business continuity plan, a disaster recovery plan, in place.

MS. ROBERTS: That would be a recommendation where we would want to follow up. We know that, for example, the national audit on climate change just came out, and we can expect there to be an increased risk of disasters of the nature of Hurricane Juan or flooding at the Chignecto link to New Brunswick, et cetera, where the Department of Community Services does not have a relationship.

Is that what I'm understanding with provincial emergency management, in terms of how it would continue to support its clients?

MR. ATHERTON: Nothing certainly in our follow up would suggest that they don't have a relationship. All I can say is that the recommendation to incorporate their business plan into the province's disaster recovery plan is not yet complete.

I think to get more information on that would require calling any of the deputies of Internal Services or Community Services and having a discussion to see what does exist, what level of relationship there is, and what stage they are at in incorporating those plans together.

[10:30 a.m.]

MS. ROBERTS: Thank you very much. I'm going to go back to some of the recommendations related to the now NSHA, when the original recommendations were made related to surgery wait times and the reporting processes. The recommendations were made to Annapolis Valley Health and Capital Health.

In the most recent budget, we saw more money for hip and knee surgeries, but there still doesn't seem to be a plan. Does budgetary allocation address concerns or is it not budget-related?

MR. PICKUP: We haven't attempted to assess the response from the Health Authority and the information that we have put there, to venture into what will happen as a result of that. I think the important part of that is to say, given everything that is happening, what that will mean in terms of the interim targets over the next two years.

If you go back to that 2014 audit on the surgical wait times, the Department of Health and Wellness included a discussion in there that said in its 2015 business plan, they indicated that if they had a \$35 million investment at \$7 million a year, they could get to a year waiting time within four to five years. That was in 2014 and that was in the department's statement of their mandate - their business plan at that time. All I'm saying is what they said back in 2014.

Today the Health Authority has indicated all of the action they're taking and that they believe this will get them there in 2020. We haven't re-audited it; we haven't looked at that. I cannot give you any kind of information as to whether that will happen. But I can say that I think it is more than fair game for you to ask the Health Authority, to say, show us something between now and 2020 as to how we can assess whether you're on track to meet those standards and to cut wait times by a year in the next two years.

MS. ROBERTS: Again, I'm struck by the challenge we face where the NSHA's board meetings and minutes are not transparent. If we pose a question related to that to the Minister of Health and Wellness it will be, that's an operational decision of the Nova Scotia Health Authority. Do you have further advice for us?

MR. PICKUP: Sure. My advice is given with all due respect and in not necessarily my place, but I would say that the Public Accounts Committee could write to the Health Authority and say, you accept these AG recommendations, including having public targets of wait times - when are you going to meet this, provide us information, and then maybe invite them in to have the discussion. That would be my advice.

MS. ROBERTS: The departments that you have audited and where there are incomplete recommendations - do they ever reach back to you of their own initiative, not when you're auditing but in between times, to seek clarification or advice or beg forgiveness in advance of you showing up to do your follow-up audit?

MR. PICKUP: I will start, and my colleagues to my left and right can certainly add or even suggest - I don't have the full story, but I think I would know. Generally I'm pretty comfortable that this is an exercise in dealing with us for this follow-up report - I'm certainly not getting a lot of calls after the audits to say, here's where we now stand in advance of when the time will come to report.

Certainly, if my colleagues - someone left or right - want to add anything, where they are getting those calls. I'm not seeing anybody jumping in, so I would think I'm pretty comfortable saying that is not happening.

I say that as a statement of fact and not as a complaint. We're busy putting out probably 10 audits a year, in addition to following up on 20 every year, as well. We're doing this follow-up work every year, so we're not . . .

MR. CHAIRMAN: Order. Time has expired. We will move to the Liberal caucus and Mr. Horne.

MR. BILL HORNE: Good morning, and thank you for being here today. I think the Office of the Auditor General is important to be here, and for clarity for Nova Scotians of what's happening within our government.

I would like to ask about Municipal Affairs. I know they've completed the eight recommendations that you have requested, but I don't understand just where DMA and the municipal units actually - if you've engaged in conversations with all of those units or you just go with the Department of Municipal Affairs?

MS. CHIASSON: For follow-up, the recommendations would have been made to the department, so that's where we would've gone to get the information to verify that yes, indeed the recommendations were complete.

MR. HORNE: So, you really don't have any interchange or discussions with the community municipal governments?

MR. PICKUP: No, partially because, with the municipality we have no mandate, right? So, they are outside the government reporting entity, and I think the only interaction I've had with municipalities is that I think I was invited in to speak to the Union of Nova Scotia Municipalities on openness and transparency, and public reporting of expenditures. So we would have no general business to call up a municipality and start asking questions.

MR. HORNE: That's kind of what I've understood, but I was just wondering if in your going to the municipal units, as far as the Union of Nova Scotia Municipalities, if you did discuss those types of issues that they might have with taxes, and collecting of taxes, and so on.

MR. PICKUP: Right, so I went, of course, just to be invited in to talk about that just as a general interest of theirs, but no, it has been public even when municipalities have reached out to say, could you come and audit us if we asked you? I say, really we can't, that's not how the legislation works, and those issues are up to the government and you would have to reach out to the government.

So, we try to be very careful. I would add even when we did the university-funding audit, we are really looking at how government is fulfilling its role in overseeing the funding to both of those groups.

MR. HORNE: So, DMA has come up with a process to look at negatively collected funds, or finances for the municipalities?

MR. PICKUP: We were satisfied that the recommendations were complete. That's part of our work on this - if they say it's complete, we would have gone and looked at what they were doing and satisfied ourselves that it was complete.

MR. HORNE: Any comments on the Department of Municipal Affairs on their ability to reach these determinations that you're satisfied with?

MR. PICKUP: Any organization that can complete 100 per cent of recommendations within the two years, I think, is a positive thing. So, I think that's a positive comment.

MR. HORNE: Okay, that's all I have today.

MR. CHAIRMAN: Thank you, Mr. Horne. We'll move to Mr. Maguire.

MR. BRENDAN MAGUIRE: Thank you for coming here today. I just want to say, first of all, thank you for diving into the drinking water. If I recall over my time here, I don't know if anyone has ever audited that. I think it's a very important topic for people in HRM and all of Nova Scotia. There are communities throughout this province that obviously have challenges when it comes to drinking water.



You saw a 25 per cent increase in completion between 2014 and 2018, and you talked about how you'd like to see us reach 80 per cent. We're at 75 per cent right now - any recommendations on how we get that extra 5 per cent? And, overall, were you happy seeing that all the hard work of yourself and all the staff in your department, for the most part I think was taken quite serious, and in my time here, probably more serious than I've ever seen it - so what are your overall feelings about all of that?

MR. PICKUP: So, firstly I would say the credit all goes to those in government, not to us. We make the recommendations and although we have it as a target, it's not for us to implement. I think all the credit goes to the folks across government and to the Public Service all across Nova Scotia, who are implementing these recommendations. Really, it is their success, and I did want to say that.

Having said that, I would give some credit to my colleagues next to me and to the people back in the office, who I think work with the organizations we audit in an independent yet reasonable way that gets us to a point where we're comfortable. We've done our audit work, we're comfortable we've made conclusions - and sometimes we make tough conclusions - but that we make recommendations that make sense. I think there are some credit to the folks next to me here and to those back in the office as well.

To go to your question in terms of how to go from 75 per cent to 80 per cent, I do think there are things that can be done. I'll give you some suggestions without attribution to say if you do 'a', that's going to give you 1.5 per cent; if you do 'b', that will give you 2 per cent. I can't give you that level of precision, but I can say that - I always want to be careful of saying this, because I think oversight is important and I think PAC is important, and I think it's an extra set of oversight, but I don't think people do the right thing just because somebody is watching them.

Having said that, I think having the Public Accounts Committee that's engaged in some of these people and some of these audits that aren't going as well, I think would give an extra element of encouragement to see things move beyond the 75 per cent. One thing I realize is that - I think this is a good thing - is that the people who are subject to these audits take coming to Public Accounts Committee very seriously. To be held accountable, that's a major part of our system. I think that is an added element.

I think one of the things that I'm watching - I say this again with all due respect - I think the Public Accounts Committee has done a good job of calling in organizations that we audit. Not only on follow-up, but after the audit to talk about the audit. I think that sends a message to people in the public sector that it matters to you how they are doing on their audits.

Although it's all your decision, of course, we're very much watching to see if the new audits that we do - are Public Accounts Committee calling them in? If suddenly you're not bringing our audits in to talk about, I think that message will become clear in the public

sector, that we're probably not going to go to Public Accounts Committee anyway because they're not calling in the Auditor General's Report. We're very much watching as you set your agenda, with all due respect, of course - we don't get input and we shouldn't - but we're very much watching to see how many of our audits are getting called.

To go back to your question, I know I used it as an opportunity to push something that's important to me, but I'm only saying it because I think it does make a difference. Respecting that the system that is working well now, the strength of that needs to keep happening so people like the senior deputy minister needs to keep this important to her, in her relationships with her deputy ministers that this remains important. I think some of that element can be extended outside of the core Public Service, so that you get these other organizations where there's some accountability. I think also what I said before, that I think there is a role for some interim reporting, so the audit committee into internal audits back to this committee, so at least you get a sense on a more regular basis as to how things are going, so it's not a surprise when we end up here today.

MR. MAGUIRE: I would agree. I think that holding departments and individuals to account adds some teeth to the report. If your recommendations are put forward and we as a committee do not follow-up, I think there's less incentive for people to follow through on these incentives.

I would also say that when your report is put forward and the recommendations are successfully completed, it also shines a very positive light on our Public Service. It is a positive situation for the public to know that an independent, non-partisan group is giving recommendations that are being accepted by the Public Service, and government in general. I think it adds confidence to this whole process and it adds confidence to the public sector when we see your recommendations at a 75 per cent clip.

[10:45 a.m.]

As we discussed earlier, we started here in 2013 and I've had the privilege to sit on this committee the entire time. I've seen frustration from those who are across from me, including your department, when some of these recommendations that you worked so hard on are not kept. I think it's a positive step forward. You're right, there is still more work to be done. Obviously we'd love to see 100 per cent of these recommendations put in place.

My question would be, I'm assuming - maybe I'm being a conspiracy theorist - that there's a group of auditors general and you guys all discuss amongst yourself some of the issues you face as individual provinces. Are we seeing 100 per cent clip from any province? If we end up at 75 per cent or 80 per cent on your recommendations, where does that fall among the provinces of Canada?

I would say that every member on this committee, whether they are in government or not, should be proud to see a 25 per cent increase in recommendations. Are we seeing that kind of increase anywhere else, completion in Canada?

MR. PICKUP: On the actual statistics for the country, we don't have them. There's quite a variety across the country of how people measure this.

Just anecdotally, like when I go and I do meet with my colleagues two to three times a year, one of the things I will say to them, as I would say to you publicly today, is that this is good. I'm pleased with the progress to get here now. Let's hope it keeps like this and gets even better.

I can't recall anybody saying that their provinces have 100 per cent. It does vary. I know there's self-reporting that some governments do. It's quite a mixture across the country. We've never really come together to try and say, okay, let's try and have one standard approach. Part of it is that every AG works with their Public Accounts Committee and works with their Legislature to see what works in that area. So it's kind of hard to say, okay, here's what works in Nova Scotia and this is the way they like it, oh, you should do this in Ontario and you should do this in Alberta. It's kind of a sensitive issue, if you will.

My message to the AGs behind closed doors would be the same as it is right now, that this is good, and while I take no credit, I am certainly happy as the AG and as a Nova Scotian to see things going in the right direction.

MR. MAGUIRE: I would say that you and the individuals who work with you should take a moment to take some credit on this. I appreciate you wanting to kind of stay out of the limelight with this stuff, but it is a credit to the work that you all do as individuals, that our public sector does, and of course leadership within government, to show that we see such an advancement in the recommendations.

I do want to quickly ask - there was some talk about Community Services and security within Community Services. How many external breaches in information have happened - external, not internal - within Community Services?

There is a big difference between internal and external. The internal breach is much easier to happen. It could be as simple as somebody leaving their computer unlocked. It could be as easy as a disgruntled employee, things like that. But an external breach is much more difficult, because you actually have to get through security systems and network administrators, and depending on the operating system - there's a big difference between a Windows OS and Linux Ubuntu and things like that. You really have to have a level of security detail to actually do an external audit.

How many breaches have happened externally within government and the DCS?

MR. CHAIRMAN: Mr. Atherton, you have 20 seconds.

MR. ATHERTON: I don't think it will take that long.

For this work, we're just looking at the implementation of our recommendations. I am not familiar with what the individual statistics would have been in 2014 when we did the original audit.

MR. MAGUIRE: Okay, thank you.

MR. CHAIRMAN: The time for questions has expired.

Mr. Pickup, would you like to provide closing comments?

MR. PICKUP: It will be relatively quick. I did just want to clarify - and I will sound like an accountant and an auditor, which I am of course. The percentage increase went from 53 per cent to 75 per cent. In whole numbers, that's 20-some per cent, but in actual change, it's a 43-per cent increase from 2014. It's 20-some per cent on the 50-some, so it's actually an increase of 40-some per cent over the last four years. That's the accountant/auditor in me just wanting to clarify that.

Thank you to the committee. I get the easy job of coming here today and speaking to this. The people who do all the hard work are the folks next to me, but probably even the harder workers are the folks across the street who continue to work on the reports.

My hat goes off with all sincerity to the public servants and leaders across the province. My job is compared to an umpire - you call what you see. I have called the good, and I called the ones that need to do better. I think we have been very clear about that today. I think that's positive.

Those organizations that aren't having the success that the rest of government has had, I believe, should be held accountable for not doing so. Again, I respectfully encourage this committee to perhaps look at calling in some of those folks or reaching out to them.

One thing the committee may want to consider is sending some sort of template request, perhaps with a two-page limit, to say, here is everything that you have that is not complete in the AG's Report - when will this be done, what are the risks to achieving this, and what times - in a very confined way. We haven't discussed this before, and the people on my left and right may have something to say after we leave, but if the committee decides to pursue something like that, we would be more than happy to help you draft some sort of template or approach if that was something the committee wanted to do.

Anyway, that's it for closing comments. We'll be back at the end of May with a report on correctional facilities and on maintenance enforcement and grants and contributions in late May.

The other thing I would add is, this is our first time under this approach of tabling the report the day before we come to Public Accounts. I hope that was a help. If there is feedback on that or how we're doing things, just provide it to us.

MR. CHAIRMAN: Thank you for that. Thank you to your colleagues and to your office for all the work you've been doing and for sharing this report with us. Your last comment is something I think we will discuss in our next subcommittee meeting of this committee. I think everybody appreciated receiving the report yesterday in advance, for those who needed to prepare last night for this morning's meeting. Thank you for your work and thank you to all the members of the committee for your work today.

There is no meeting next week. Our next meeting is on April 18<sup>th</sup> with the Department of Business to discuss economic development and employment trends in the Nova Scotia film industry.

We had one piece of correspondence from the Department of Transportation and Infrastructure Renewal. It was a correction of information provided in response to information requested from our meeting of February 28<sup>th</sup> with them. Are there any questions on that correspondence? Hearing none, is there any further business to come before the committee?

Hearing none, this meeting is adjourned.

[The committee adjourned at 10:53 a.m.]