

HANSARD

NOVA SCOTIA HOUSE OF ASSEMBLY

COMMITTEE

ON

PUBLIC ACCOUNTS

Wednesday, May 30, 2018

Legislative Chamber

Report of the Auditor General - May 29, 2018

Printed and Published by Nova Scotia Hansard Reporting Services

Public Accounts Committee

Mr. Allan MacMaster (Chairman)
Mr. Gordon Wilson (Vice-Chairman)
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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

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

Mr. Robert Jewer,
Audit Principal

Ms. Ashley Richardson,
Audit Principal



House of Assembly
Nova Scotia

HALIFAX, WEDNESDAY, MAY 30, 2018

STANDING COMMITTEE ON PUBLIC ACCOUNTS

9:00 A.M.

CHAIRMAN

Mr. Allan MacMaster

VICE-CHAIRMAN

Mr. Gordon Wilson

MR. CHAIRMAN: Good morning, and welcome to the Public Accounts Committee meeting. I'd like to ask everyone to place their phones on silent.

Today, we have the Auditor General's Office with us as witness and our topic is the Auditor General's Performance Report dated May 29, 2018.

We'll start with introductions, beginning with Mr. Horne.

[The committee members and witnesses introduced themselves.]

Mr. Pickup, you may begin with your opening comments.

MR. MICHAEL PICKUP: I only have a few opening comments, First I want to thank you for having us here today to talk about the report released yesterday. I'm not going to try to summarize those reports. It has been out for a day.

I do believe they cover three very important areas where government delivers programs and services to Nova Scotians: the Maintenance Enforcement Program, where there are approximately 14,000 children plus spouses in the program, so a key aspect of what the government does; safety and security at Correctional Services; and then rounding out this performance report is the audit of grants that essentially looks at prudence over spending. So it's covering three key aspects of some of the things that government does.

I want to first thank the organizations we audit, the three departments that were subject to the grants audit. I would especially call out the Department of Justice, where they had two audits in this report. It's a bit unusual to have two in one report. We had excellent co-operation, but I think beyond that - the audit results are what they are. What is most important now is the responses to the recommendations, the agreement to act, and what happens now. That is what's critical to me, in terms of the co-operation we have with this department, particularly on the corrections piece, where most of the responses have a fairly fixed timeline that the Public Accounts Committee could easily hold the government accountable for, in terms of deadlines. I was pleased to see that.

I want to remind Nova Scotians and remind the committee that all of our recommendations have been agreed to. There is no disagreement with the people we audit or with the government. They completely agree with everything we do. I want to keep that in mind, that I very much think we are here to serve and to help you in doing your job, help explain the audit reports to you to the best of our ability. But at the end of the day, auditing standards require us to clear these reports with the people we audit and clear the facts. That has all been done, and I think that is very good.

Finally I want to very much thank the people in my office - the people with me here today who are responsible for these audits, but also probably equally or more important - and I'm sure these folks would agree - are the people back in our office who do all of this work. Besides us there are 30-some people who deliver these reports, and without them this would not be.

Those were all the opening comments I was going to make and we'll be happy to take questions.

MR. CHAIRMAN: Thank you, Mr. Pickup, and to your team as well. Mr. Houston of the PC caucus, you have 20 minutes.

MR. TIM HOUSTON: Thank you for conducting these audits. They are three areas that I hear a lot about in my constituency office. I often hear from families that are not receiving the maintenance payments they're supposed to receive as ordered by the courts. I get a lot of questions about the grant structures of the province. I hear from correctional officers all over the province and families of inmates as well about the stressful environment that is in our correctional facilities.

When I see the results of an audit like this, I understand why I'm hearing from all those constituents. It's not good, but thank you for doing the work and shining the light on the operations of government, and the shortcomings of government where they happen. I think that the work you're doing and this committee kind of go hand in hand. We can bring issues to the forefront and then work for solutions on them. I do see the effort as hand in hand.

Your audit of the Department of Communities, Culture and Heritage examined a period from April 1, 2015, to March 31, 2017. That's the period of the audit, but the audit fieldwork was obviously done after that, and the audit was conducted and finalized on March 14, 2018. I think that was the time that the audit was finalized, right?

MR. PICKUP: Right.

MR. HOUSTON: And on February 21st, the Department of Communities, Culture and Heritage appeared before the Public Accounts Committee. The topic that day was funding and grants. That's the same grants that were being audited. The department was appearing before the committee on February 21st, and they were talking about the same grants that the audit fieldwork from your office was happening. Did you find that department's appearance at the Public Accounts Committee on February 21st, whilst your fieldwork was actively being conducted, in any way impeded or influenced your audit?

MR. PICKUP: First, if I could correct something - one was a question or comment and two was my confirmation - it was May 14th, not March 14th, in terms of the date of completion. I just wanted to correct that.

In terms of the appearance of a department before the committee, if a department gets called before the committee, that really is within the purview of the committee to decide and it's not for me to make comment on whether the committee should or shouldn't be calling in an organization.

Having said that, the departments we audit, the organizations that we audit, we have a relationship with them in terms of auditing standards where they know the confidentiality requirements. They know what they can talk about and not talk about, so they respect that under the Auditor General Act they wouldn't be talking about draft audit reports or audit findings until they're tabled in the House. I respect that and they respect that. As long as I've been Auditor General, we have not had any problem - knock on wood - with any leaks or with anything like that coming out. That really would be my only comment in terms of who appears and when and in relation to audits.

MR. HOUSTON: The same audit of grants and contributions for the three departments included the Department of Agriculture. That audit was completed on May 14th, as you say, but on March 7th, the Department of Agriculture appeared before the Public Accounts Committee and the topic on that particular day was wine development. A key piece of the government's wine development program that was discussed that very day was the Vineyard Development and Expansion fund - a fund that is listed in the appendix to your audit of Chapter 1. It was a fund that was covered as well.

Did you find that while you were doing the fieldwork and having the Department of Agriculture here - did that in any way impede your audit or is it the same with the Department of Communities, Culture and Heritage, where you don't really care who's here,

and your audit just goes ahead? They can come before this committee at the will of the committee.

MR. PICKUP: I wouldn't say that I don't care who comes before the Public Accounts Committee. Obviously I do care. I would care if somebody commented on a draft audit report or work that was going on, because that would in fact be a violation of confidentiality under the Auditor General Act and under what the departments and we have to follow. These departments know that, and as long as I have been Auditor General, we haven't had a problem with that line being crossed in terms of discussion of our draft reports at any levels in government. It wasn't a concern to me because it didn't impact any of that.

MR. HOUSTON: It doesn't impact what you're doing, and there are two situations that happened in the last two months where a department that your office was auditing appeared before this committee. There's no reason why an important issue of public concern couldn't be brought before this committee just because you're going to look at it. That's clear from these two examples.

Of course I'm thinking about the FOIPOP situation, where the government used their majority to say we're not going to bring Internal Services before this committee to talk about the FOIPOP breach because look over here - the Auditor General is going to look at the topic in the fullness of time anyway.

That happened to this committee before. This committee wanted to speak to the IWK about the expense issue, and the government used their majority to hide behind the Auditor General and say that the Auditor General is looking, so there's no reason for this committee to.

I don't think that report has come out yet, or has it? It has been over a year, the IWK expense thing. When was that? It took over a year to get it done.

MR. PICKUP: The IWK report will be tabled this Fall.

MR. HOUSTON: But we still don't have it, and that's the point. This committee should not be used for political cover. It's being used for political cover in the situation of the FOIPOP breach. It has been used for political cover in the experience of the IWK report. It shouldn't be that.

We have a situation with this report today, and I can get into the details. It has been in the press. People know what was released in this report, and I can ask you questions today, and most of the questions will be referred back to the department. Realistically, even with the co-operation of the government and their majority, the departments can't be brought before this committee until probably November or even later.

I get concerned when I see the government trying to use your office for what I feel is political cover. I'm sure you would be concerned by that as well. You would like to see these departments come before the committee, I can imagine, and answer questions directly. That would probably be the next natural process you would see from this report, would it not?

MR. PICKUP: I think my line on that would be - as it always is, as we do this work and we report to the House - that I would hope that the Public Accounts Committee is a key tool, a key aspect, of accountability. I have always encouraged in a respectful way that I would hope the Public Accounts Committee calls in each of our chapters.

If you go back over time, I said that at the time of the AMANDA audit. The Public Accounts Committee can look to see if you called in the AMANDA audit. Was that on the agenda after our reporting to come before the committee? I think you can go back and look at a number of our reports that weren't in fact called before the Public Accounts Committee. I only say that as a fact and as an observation, not as a judgment. That is up to you as a committee, and I respect that that's how it works.

But I can give you a number of examples, I think, where the Public Accounts Committee didn't call in our work. Talking about calling in work that we're doing is one aspect. Calling in work and chapters that we have done and getting the departments in to talk about it is another aspect of that. Obviously, as the Auditor General, I would be happy if you called in each of the organizations where we are doing audits.

In this case with Justice, I think it may be worthwhile for everybody - and I say this with all due respect as the Auditor General, not an agenda-setting part of the Public Accounts Committee - but I think the Department of Justice, the deputy minister, should come sooner rather than later to talk about these two audits. I've said, I hope you get before the Public Accounts Committee, I think, to be able to talk about the progress and what is happening since we did these audits.

[9:15 a.m.]

MR. HOUSTON: Thank you for that, I do appreciate that. I think we should bring them in sooner rather than later as well. I think we have a couple of open spots in June that maybe the majority of the committee might offer to do, to bring them in.

In terms of where we are today with these egregious findings across three areas of government, would you say when you think about the findings of the corrections audit and the fact that the recommendations were accepted, are you aware of any of the recommendations being acted on right away? I mean, historically the rate of acceptance of the Auditor General's findings are very high; probably 100 per cent. People always say yes, you're right, we'll do that, but the actual implementation rate of those findings is not 100 per cent. I think it's creeping up - it might be in the 70s now - but it's not 100 per cent.

As we sit here today, do you have any evidence or would you have any reason to have any evidence to believe that our correctional facilities are safer today because they've already taken immediate action and acted on any of the recommendations? Would there be any that you would have the ability to say have actually been implemented already? Acceptance is one thing; implementation is another.

MR. PICKUP: As an auditor, I wouldn't be able to provide you with any assurance in terms of what has happened with the responses to the recommendations. I think I would go back to what I said. That's why I think I would encourage, with all due respect, a timely appearance by the deputy so that she could talk to what has happened in terms of the responses they gave.

MR. HOUSTON: Thank you. In terms of maintenance enforcement, you mentioned in your report that the consolidation of jobs in New Waterford caused a bit of chaos in the unit. But it has been five or six years since that happened, so in those five or six years, has the unit managed to return to any sense of normalcy or is the chaos still ensuing five or six years after the transition?

MR. PICKUP: What we are looking at is an audit period that ended at the end of September, in terms of the field testing period of time. I will speak to sort of the conclusions that we made as a result of that work, which is not that long ago. At the end of the day we have a lot of findings there, there's over \$60 million remaining in outstanding payments. Nobody is suggesting that that number is where it should be and none of the responses from the government would suggest that they're comfortable. In fact, it's the opposite - they want to lower that number.

I would speak to specifics in terms of the findings and saying they were relevant through the Fall and winter when we were clearing this audit, keeping the responses separate because we don't audit the responses. But in terms of the staffing issues that we found, in terms of the monitoring that we found, I would say in fairness to the department though - and we mentioned in the report around the performance management stuff - there were signs of positive things happening in terms of the development of a performance management framework with targets. But at the audit point, it was too early days to say what would happen as a result of that. But I do want to mention that because that can be lost.

MR. HOUSTON: Thank you. Maintenance payments presumably are mostly monthly.

MR. ROBERT JEWER: Yes.

MR. HOUSTON: Caseloads were 330 to 450 per worker, so with monthly maintenance payments that's 22 cases per day, roughly. Any sense of what the optimal

caseload should be - 22 is obviously too high by any standard, I can't imagine. Did the staff say what a reasonable caseload might be?

MR. JEWER: Staff didn't indicate exactly what they felt a reasonable caseload would be. We didn't try to determine that either.

MR. HOUSTON: Of the caseload of 330 to 450, are there some that really wouldn't require any staff intervention - that wouldn't require any monitoring? I guess those would be the trouble-free ones.

MR. PICKUP: It would vary, I'm sure, in terms of the nature of the cases, but one of the points that we made in here is that very often - and it's probably understandable, and there's a down side to this - what happens is the files that get attention are the ones that make a lot of noise. It's the people who are calling.

Keep in mind that from 2016 to 2018 during the audit, over a three-year period, the number of contacts with people who are paying, people who are receiving the client contacts, doubled from 24,000 contacts to 48,000 contacts. So you have people who are dealing with 330 to 450 case files and they're dealing with close to 50,000 contacts. So you can imagine what that is like.

Related to that caseload, I think what is important, and we mentioned this - however many cases people are managing and whatever that optimal number is, what's important is how that gets reported to the supervisors. What we found was that there were so many reports that management was overwhelmed, and they essentially weren't doing anything with the reports because there was just too much. Then the staff indicated that they never receive feedback to say, well you gave us these reports, do this differently or do that differently or we should talk about this or you need coaching here.

So I think keeping in mind whatever an optimal number might be, if there is such a thing, that what is key is that supervision, management, coaching - whatever word you want to use that for that - of the people who are doing probably a very difficult job with a lot of files.

MR. HOUSTON: The government made some changes, I think, to maintenance enforcement or allocated some budget to it - was it last year's budget that they allocated some additional funding? Any indication that that really got the job done? I guess it didn't if we're still seeing so many cases that aren't even being looked at, in spite of being in arrears.

MR. PICKUP: I think we can really only stick to the findings that we had during the audit, and these issues in terms of the files we looked at - the 21 of 25 cases where there wasn't timely or appropriate enforcement action. That was a relatively recent audit period.

In fairness again, I do want to mention that there were signs at the end of things being put in place, but it was too early and it wasn't part of the audit period to be able to see what will shake out of that.

MR. HOUSTON: Is there some point in time where a maintenance order that hasn't been paid becomes kind of unrecoverable, legally? Can you be a deadbeat long enough that you just don't have to pay?

MR. PICKUP: What we talk about in the report is - if you look at the total outstanding payments it's that number of \$60 million that we hear about - over \$60 million. Then there is something called inactive cases, and that's around \$15 million of inactives, and those are people who for various reasons - they could be incarcerated, there could be other reasons that they are sitting in this pile of inactives. We do say just because somebody is inactive at a period of time, that doesn't mean there shouldn't be anything done with those in the future.

So there is nothing that they call write-offs. In fact, I guess if you're owed money from that inactive group you still want your money.

MR. HOUSTON: I would think you do, yes.

I just have a question on grants. In Paragraph 1.19, you mentioned there were certain payments for grants and stuff that were made because they needed to be issued by the fiscal year end. Is that a legitimate reason to issue a cheque - because it has to get out before the fiscal year end?

MR. CHAIRMAN: The question is being posed to Ms. Richardson?

MR. HOUSTON: Either Mr. Pickup or Ms. Richardson.

MR. PICKUP: What we said was, obviously that doesn't match the terms and conditions and reduces accountability. When these things happen there is no other way around that than other than, no, that shouldn't happen. That's a fix-up that needs to occur.

MR. CHAIRMAN: The time for questions has expired. We'll move to the NDP caucus. Ms. Roberts.

MS. LISA ROBERTS: I'm going to be focusing my questions, at least for the next little bit, on correctional facilities. Remind me again, the testing period when you were actually looking at processes and procedures and performance in our provincial correctional facilities, that concluded in February 2017, is that correct?

MR. JEWER: Yes, that's correct.

MS. ROBERTS: Can you comment at all on why it seems to have taken longer to get the result of this audit released? There was more than a year time span between that testing period and now, whereas clearly with maintenance enforcement it was shorter. Can you comment on why that is?

MR. PICKUP: Two points, without turning this into an audit course. That period of testing that ends at the end of February, for example - that doesn't mean we've finished our work at that point. That period is sort of where we do files from so that work can extend, go into six months if you will. So there is that point.

I will say the correctional facilities audit was different - there is a longer time period in there. We were initially hoping to complete this audit for the Fall of last year, but because we had so many weaknesses and findings - you're seeing a report that's the end stage, but all the work that happened before this in terms of clearing facts and going through all of our testing, took so much time because we had so many findings and they were so significant that essentially it took a lot longer than we had planned.

That's fine; that's due audit process. That resulted in 12 recommendations, which is probably the most of any of the reports I've had as Auditor General.

MS. ROBERTS: There's significant work to do. Now in the meantime, last Spring there were a number of policy changes that Correctional Services put into place. Should we interpret that as being a response to some of the issues that were made apparent in the process of the testing period?

MR. PICKUP: I won't try to do a line by line on that, but I think if I go back to the responses to the recommendations that we did give, to the credit of the department most of those responses have timelines around them and all the timelines tend to be forward-looking - so 2018, 2019.

Having said that, I think most of this work is not yet complete, given the responses that the department made, reminding you that we haven't audited the responses.

MS. ROBERTS: To talk about close confinement, that is an area where our caucus has been trying to get more information and transparency from the government for some time. It's concerning that in nine of the 47 cases examined by the Auditor General, offenders were placed or held in close confinement longer than allowed, without the approval required under department policy.

There was also missing documentation to explain why confinement was needed or continued for five of the 47 cases. Department policy does not require documentation from health care staff confirming that confinement is needed for medical reasons or when confinement can end.

Without proper documentation, could medical reasons be used inappropriately to justify extended periods of confinement for offenders?

MR. PICKUP: I think this is a classic case where we are auditing the policies that an organization had in place, without commenting on what we think of those policies obviously. In this case, the policies were relatively clear as to what should be done. I think that given they weren't done and those policies are generally put in place to meet control objectives in order to manage risk, not having those policies actually working effectively is an issue.

All I can say is if you have policy that you think should be working, if that policy is not always operating effectively, with that goes the risk of things not working the way you want them to work and your control objectives not being met. Beyond that I really can't comment, other than on the findings.

[9:30 a.m.]

MS. ROBERTS: Maybe Mr. Jewer could help to inform me about the definition of administrative close confinement. I know that medical leave is one of the definitions of close confinement. What else would be an administrative close confinement?

MR. JEWER: It could be a number of reasons. An offender may ask to be segregated from the rest of the population. Facility management may feel that confinement is needed to protect the individual or protect the security of the facility. It's usually a management decision.

MS. ROBERTS: I'm very aware that this whole chapter would be very different looking at the same material if it were done with a human rights lens as opposed to an Auditor General's lens of comparing the actual carrying out of established policy versus looking at whether this is meeting the human rights of the offenders or people in our correctional facilities. We know, in fact, that the majority of them are actually remand population, which means that they ought not even to be called offenders at this point because they haven't actually been through the court of law.

Given the seriousness of these issues and court decisions we have seen from other parts of the country, do you think it's time for an independent review of the use of close confinement in correctional facilities in Nova Scotia?

MR. PICKUP: I want to mention one thing in terms of looking at the application of policies. What an organization - in this case Correctional Services - defined as a significant policy, us looking at how effectively those policies are implemented may include aspects of what you may be referring to.

I draw your attention to Paragraph 2.46 on Page 41, where we indicated that for 35 of the 47 cases of close confinement that we tested, the facilities “. . . had no documentation to show that the offender was offered time for showers and recreation or it indicated it was offered on some days but not others.” Then we talk about 30 minutes a day of outdoor recreation time and access to showers, and not providing these could place increased stress.

It really is looking at what an organization has defined as some of its key policies, not what we have defined. When we set the audit objectives, we’re staying within our mandate, if you will, in terms of what we’re looking at in terms of performance on an audit. In this case, we did this part of it because it was a key policy or a key aspect of what the department itself had in place.

MS. ROBERTS: I appreciate that clarification. Yes, that is a very concerning finding.

Training is essential for the safety of staff and offenders - again, I kind of hesitate using the word “offenders” for the prison population, the correctional facility population. You found in this audit that many staff had not completed required courses, in particular the Understanding and Responding to Mental Illness course was stopped in 2014, and a replacement course was not ready until February 2017.

I know department management have stated its goal is to deliver this training to all correctional officers by 2020, but I believe your conclusion is that taking two years to train all correctional officers does not seem reasonable. Did the department provide any rationale for this delay in all correctional officers doing that training?

MR. PICKUP: There’s two points on that. We do draw attention to that, but I would make one clarification. I can’t add as to why it’s going to take to 2020 to get this. It would be speculation on my part. I think it’s a fair question for the department. The other fair question is, why they got rid of the first course in 2014 if they didn’t have a replacement course up and running until February 2017.

I don’t know the answer to that but I think, with all due respect, those are really good questions if and when you have the department to ask them. Why did they get rid of the course? Why did it take so long to get the new one? Why is it going to take to 2020 to train the rest of the folks?

MS. ROBERTS: Can you provide any further details about the reasons behind staff not having completed courses that are required?

MR. PICKUP: Sure. I think in terms of explaining, obviously the people who are running these organizations are management who are running the organizations, and decisions they make as to what is happening or not and whether they know what is happening is really up to them. We’ve made no attempt, nor was one put forward, in terms

of any rationalization or explanation as to why these things weren't being done, so I won't make any conjecture.

I would encourage you to engage in a discussion with the department as to why these things weren't being done, and - I think more importantly - what they are going to do from here forward.

MS. ROBERTS: How many courses are actually required for new correctional officers?

MR. CHAIRMAN: Mr. Jewer.

MR. JEWER: I don't have an exact number. We looked at approximately 15 courses that new hires were required to take for each of the samples we looked at, but an exact number, no. We focused on ones that we felt jumped out as being more significant.

MR. PICKUP: Two things hold with me on that, on the new hires. For the officers, for example, 80 per cent of the samples we looked at didn't have the required training. It's not us who is determining what the training should be. It's the department itself. They've said this training that 80 per cent of people aren't taking is important.

The other number that sticks with me is that 50 per cent of those new officers who have been hired who we tested had three to five courses outstanding. It's not just one course. Then if you look at the non-officers, who are equally important - these are social workers, these are people working in the kitchen - 90 per cent of the people we looked at had courses that were missing. I think those tell us something, in terms of work to be done.

MS. ROBERTS: To switch from training to the hiring process, the hiring process for correctional officers includes an interview; a written test; a physical fitness test; background checks, which include criminal record, child abuse registry, vulnerable sector, and reference checks; and a pre-employment questionnaire.

For the sample of 20 correctional officers selected, you found that several steps in the hiring process had not been completed. For example, one or more of the vulnerable sector, child abuse registry, or criminal record check was missing for 13 officers. In the discussion in our office, where so many of us are women with relatively young children, the comment was made that we couldn't volunteer at our kids' schools with that missing paperwork.

Can you explain, or did you get an adequate explanation for, how such a critical step in the hiring process was missed?

MR. PICKUP: It's difficult for us - as it is for you, by the sounds of it - to understand how that cannot be done. So no, there was no good explanation put forward. I

don't think there was any attempt by the department to rationalize it or to put it onto anything specific. It was acceptance that this shouldn't be happening.

Just to go back to your point, of the 20 new hires we looked at, for three-quarters of those for the officers, if you will, there were steps missing. That could be a written test, that could be a background check. Again, it's not us who are saying these are the things that should happen. It's the department itself. This is very much an "Are you doing what you said you're doing?" type of audit.

The non-officers are equally troubling. Half of the hirings had issues, or at least one issue. So it's not just the officers that are coming in. It's the non-officers as well.

MS. ROBERTS: I'm going to move for a second to the policies regarding volunteers, where there appeared to be, according to 2.33, inconsistent application of policies around screening volunteers in correctional facilities, for some of those same requirements - criminal record checks and so forth. I guess I have a bit of concern with that particular recommendation, Recommendation 2.6:

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

That is actually one of the recommendations with as short a timeline for implementation versus some of the other recommendations, which actually require some of that same rigour to be applied to staff.

Part of my concern is that I know from my work at a constituency level that, in fact, there is an important role for volunteer organizations, including for peers who may actually have criminal records and have returned and reintegrated into community and have gotten themselves on another path to actually be able to have contact with people who are currently in the correctional system to support people trying to make similar changes in their own lives.

Do you have any concerns or anything to comment on that recommendation or that approach - what you would be looking for in an adequate approach to screening and monitoring volunteers?

MR. PICKUP: I think the first part of that in terms of screening and monitoring is for the organization to decide what they want the policy to be. If the policy is something like, do the background checks, do the screening so that you know what you face, then you make a decision based on what you face.

There may be organizations that hear the result of the screening that we did, we accept what comes with this or we don't accept, but that's the actual management of something versus not doing those checks so you don't know what you're dealing with.

I think what would be adequate in terms of that policy is the first step, saying what you want to get in terms of information, getting that information and then having some criteria to say, what do you accept or not accept, in what circumstances, and then making sure that control like that is operating effectively.

The volunteers that we looked at - we picked 20 samples. Two of the 20 didn't have a criminal record check. Well, as a starting point, the policy says you get a criminal record check and then you assess the results of that in terms of what you do with the results of that. If you don't have that information to start with, then you miss the starting point.

MS. ROBERTS: To clarify for both in the case of volunteers and in the case of staff, is there a clear policy in terms of what is acceptable on a criminal record check? I remember hiring someone who had a criminal record and it was for a DUI five years ago, and I decided as an executive director that that was acceptable - given the job before him. Is there actually a clear policy now either for correctional officers who are newly hired or for volunteers in terms of what is acceptable on that criminal records check.

MR. PICKUP: We stopped at the first gate, if you will, in terms of whether this was being done. In terms of how they then apply that information, in terms of what they accept and where and how and when, I think is up to the department to explain.

I will note that somewhat related is we sort of found a variation in the updates. Some of the facilities were updating every two to three years in terms of the background checks. Others weren't doing it at all when they all report up to the same department. I think beyond that, it's probably better for the department to respond.

MS. ROBERTS: Where would you like to see our correctional facilities move most aggressively - given the 12 different recommendations that came out of this audit and the scope of the work? I don't know if you can comment on the timing for these different recommendations - all of which have been accepted. What would you like to see when you do a follow-up audit?

MR. PICKUP: Our typical practice, as you know, is to wait two years to do a follow-up. I would hope in this case, given the responses and the timelines, that the action on all of these takes place more quickly. I really hope the Public Accounts Committee has a chance to engage in that discussion with the department.

[9:45 a.m.]

MR. CHAIRMAN: I'm sorry, time has expired. We'll move to the Liberal caucus, Mr. Gordon Wilson.

MR. GORDON WILSON: Welcome, it's always good to see you folks here. I know that there have been inferences made that it's always concerning to have the AG come before the Public Accounts Committee - no, that's not the case whatsoever. I think what you and your team bring in the transparency, the unbiased opinions you bring are very much valued here. I personally would like to see you here more often. I've got that in the record, so we do value what you bring here.

I think what concerns me sometimes are comments made certainly by my colleague for Pictou East that politics come into play with the operations of your office or politics come into play. This committee is supposed to be, if any of all the committees, non-partisan, work together to try to get to the bottom of how we can make government work better and that's ultimately what your job is.

I'm very pleased to see that in regard to this report you've brought forward, all of the ministers of all the departments, that their responses have been very positive, very quick and very clear that they accept them. I think you said you are very pleased to see that quickness of a response.

Just a couple of questions in regard to departments appearing before the Public Accounts Committee. I do believe that everybody understands there is an agenda-setting process that we do follow here and we try to be as open and as flexible as can be. When agenda items are brought before the committee, we have a subcommittee meeting and we have an open session, you noted that all of the audits that are ongoing are up on your website so you are very aware of those audits going on. We're very aware of those audits that are going on and there's multiple departments right across government that are being audited at any one time.

In regard to that, I would really like to know what your feelings are, as far as a department. Again, through our agenda-setting process, coming in here, that doesn't affect those annual audits you are doing at any one time, from my understanding.

MR. PICKUP: To date I haven't had any concerns during my time as Auditor General, and I go back to the first year I came here during the *Bluenose II* audit. I think the previous deputy minister, Deputy Darrow, appeared before the Public Accounts Committee. He was very respectful and I haven't had any concerns about any of the folks who appeared here talking about our audit work because they realize that they don't speak for us and also we don't do it and they don't do it, to talk about ongoing audits in terms of progress of the work.

MR. GORDON WILSON: I'm sure my colleague has already mentioned it in regard to Internal Services and the security breach; it has been discussed here multiple times to come in here. We do know and we're quite pleased that you are acting upon a request that we had to do an audit on that. We are anxious to hear that audit as soon as possible.

We do feel very strongly that depending on the outcome - I mean I'd like to know the outcome of that audit also, I think we're all kind of anxious to see that, that will raise the question again of having that department coming in here. It's not that we're not supportive of having that department come in here, but we do feel very strongly that you should give us the results of that report. I think that will be a very good foundational piece of information to then go forward and see if it warrants having them in here or not, we'll see when that comes.

I know you've been asked in the past your opinion on that but I'd like to know, myself personally, does that sound like a reasonable way to deal with this exceptional request that you had by government to audit an activity in a department?

MR. PICKUP: A couple of points on that. One is, of course, as you've heard me say before and I say it always with all due respect - and I mean it - recognizing my position as an independent auditor and nothing to do with the Public Accounts Committee in terms of agenda setting, I always hope that our audit reports get called to the Public Accounts Committee to have a good discussion about the movement forward and the results of our audits. I will always be on record as encouraging the committee to call in each of the audits.

Having said that, I think it's very much up to the committee as to what they're trying to achieve and what witnesses they think they need. Obviously, if it's to talk about one of our audits or what our thoughts and conclusions are, you have to wait until we table the audit report. That's the way the Auditor General Act works. That's the legislation we have. There are audit standards that I follow, and if I could comment, audits take a long time - I get that.

Part of our credibility comes from the fact that when we do audits we get it right - 99 per cent of our recommendations are agreed to and 75 per cent of our recommendations have been implemented, the highest ever. That's because I know that we are getting it right because I'm a CPA, as are all the folks with me, we are following auditing standards that require - we plan, execute, and report audits. So yes, they take time and we don't do audits in a month.

I do want to go on the record as having said that. Some Auditors General Offices and audits typically take 18 months, so it's not unusual for us to take a year or more - and keeping in mind, we're 35 people. We're putting out a lot of reports and we're auditing financial statements. I don't say that to be defensive, I say it to own the fact that audits take a long time to do.

MR. GORDON WILSON: Thank you, and I agree with you that you do them in a very professional way. I didn't know it was 99 per cent. I didn't know that you had 1 per cent wrong. I'd be interested in knowing what that 1 per cent is.

I am pleased for you to reflect the fact that some of the highest numbers of responses to your recommendations - 75 per cent - this government is acting upon and I'm quite proud of that fact also. The fact that politics is playing into your office, I dismiss that myself personally.

I would like to start off with the grants. I am curious, in that report there was talk about grant inspections and talk about accountability and knowing that that money was spent and it got value for Nova Scotians - I guess that's as simple as I could phrase it. We looked at a broad spectrum of grants. I'm assuming you looked at them, from housing grants right straight through. There were some with CCH - I never got to delve right down into the details of it. Can you first off give me an idea of the scope of those grants?

MR. PICKUP: If we refer to Appendix II on Page 26, we've identified the scope. Essentially over a two-year period we looked at about \$45 million in grant programs. That covered Agriculture, Communities, Culture and Heritage, and Natural Resources, but I think more importantly, we covered 18 different programs because we tried to get broad coverage.

Within those 18 programs, we did 170 specific grants in terms of what we looked at, so I think it's fair to say that was fairly broad coverage and that was our purpose. That was our objective: to cover all the smaller pots of money that add up to \$45 million over a two-year period. I hope that helps.

MR. GORDON WILSON: In your audit, would you have actually reached out to the community groups that received these in any way to sort of see - to validate potentially what impact it might have had?

MR. PICKUP: Ms. Richardson can add to or correct me, if she wishes, but no, these were very much audits within the departments. Partially because what was important to us is that documentation or consideration, if you will - because it's more than documentation. A consideration of the value received - did you get what you had hoped to get out of this - really should happen within the departments so that they can make decisions on future spending to say, okay, this is working the way we want, but this one we want to reallocate.

The quick answer was, no, we didn't reach out to the organizations that received the money. We looked at the department and their oversight and evaluation of the people who received the money.

MR. GORDON WILSON: I'll move on to the maintenance enforcement. I noted that you had reported that there was approximately \$60 million owed in maintenance

enforcement over the duration of the program. I did get the chance to find out that the program began in January 1996. When you went back seven years ago and picked up the start of those numbers, would you know what the actual dollar value was that was owed then versus what is owed now?

MR. PICKUP: No. We only picked up at 2011, partially because our focus was on what that number is today.

MR. GORDON WILSON: I'm curious, though - when you started in 2011, do you know what the actual amount was that was owed at that point in time?

MR. PICKUP: In 2011, yes. We have that in our table on Page 57. That outlines what the number was in 2011. It was over \$60 million and under \$65 million. It's in the table on Page 57.

MR. GORDON WILSON: So then the amount that was owed in 2011 was \$60 million.

MR. PICKUP: It was over \$60 million. It was getting close to \$64 million, I would say.

MR. GORDON WILSON: Do you know what amount of money owed previous to 2011 was actually collectable? I'm not sure, but I believe some of the money may have been owed by people who were deceased possibly. Do you have any kind of a breakdown, or was that just a figure that was pulled out?

MR. PICKUP: I don't have a breakdown, but I know we don't use the word "uncollectable." In Paragraph 3.2 on Page 55, we talk about how, of the amount that is owed, the department classes \$15 million of it as associated with inactive accounts. They use the term "inactive" where they're not currently enforcing due to a payer situation. Somebody could be incarcerated, for example, and they may be put in that inactive pile. They're not using the term "uncollectable".

MR. GORDON WILSON: I know it may be kind of hard to articulate or to measure, but in regard to the Maintenance Enforcement Program, is there any way to articulate the value of how much it was impacted when it was moved to New Waterford? I know there was a bit of a graph in there. Is there any way to ascertain how big a hit in dollars we or the people who are impacted by that program took from that move?

MR. PICKUP: Sure. It's always somewhat of a challenge/caution when you attribute things that happen at the same time as direct impacts and say this was related to this, and this was related to that. What we do know is that after the move to New Waterford, the numbers jumped up in 2014 to about \$70 million. Then in 2015, it jumped up to \$73 million. Now it's something over \$60 million, in the range of \$63 million. At the time of

the move to New Waterford, there was a big increase in the amount of outstanding payments.

MR. GORDON WILSON: I remember myself, being elected in 2013, I had people coming to my door, the same as others, concerned about getting access to their maintenance. I believe it was one of the prime things that we worked on. We worked very hard to fix.

I think there has been some very positive movement. I know in fiscal 2017-18, we saw an increase of 422 per cent in liens that were put against individuals. We saw a 122 per cent increase in federal licence denials. We saw a 72 per cent increase in motor vehicle inspections. We saw an 18 per cent increase in referrals to public safety investigations. So, I think the trend is starting to change.

I do know that this is - I've learned an awful lot about collecting. It is a national problem. I'm quite proud of the fact that we have made it a national problem. It has been discussed at the all-premiers table by our Premier. I believe it was probably just a few months ago - yes, March 29th - when the proclamation happened that allowed us to put into place the legislation that was brought forward.

Do you have any idea what impact that new legislation is going to have going forward? I know the Auditor General always looks at a current point in time, but sometimes you do look outward too. Was there any work done to look outward on how positive that impact is going to be for the province?

MR. PICKUP: I think the only outward looking that we did in this audit is on Page 63. We summarize it to say all of these actions, if you will, the things you are talking about, the other things they want to do, we do know that management is setting goals for the programs. And there are positive signs of performance: management being set up, indicators being set up, the identification of goals, because any of these things you do obviously you want at the end of the day to impact that big number and you hope the \$60 million will become a much lower number.

I think the positive signs, to the extent we were able to talk to them, was on the performance management area on Page 63, which is the setup. I really hope now what will happen is that stuff on Page 63, in terms of the performance management that is getting set up, now happens and has an impact so that \$60 million becomes much lower.

MR. GORDON WILSON: One area I think that ties in there is the staff training. I mean certainly that's a big part of it. I know there were improvements done also around technology and the Maintenance Enforcement Program to help free up time for us for the staff to be able to improve the process for families.

Do you have any idea on the impact that implementation of improvements had on staff's ability? Did you see anything when you did your audit to show results there?

MR. PICKUP: I can only really speak to what we saw in terms of the testing - when we look at enforcement actions, for example. I do want to draw on the point again that the systems work to the extent that the systems are operating effectively. This electronic system has what we used to call at one time a BF function - a bring-forward function - where a file would automatically be called to come up, and that wasn't being used in the system they had.

To go directly to your point, I can't comment directly on any particular initiative having an impact, other than to say the results are what they are in terms of everything that was done and everything that wasn't being done, like here are the results of the testing from all of that.

MR. GORDON WILSON: Yes, and again I'm looking at a different window than I think you were looking at, going back to 1968-69. I'm looking at what I'm hearing and seeing people coming into my office: the impact of allowing staff to revoke or suspend or prohibit the renewal of drivers' licences and vehicle permits, which was brought in; improving the flow of information to the court system between people within the program; simplifying the process of dealing with payments that have gone unclaimed; and the transferring of administrative fees that are owed to Service Nova Scotia for collection.

These are major fundamental changes in that program, probably some of the biggest changes I think we've seen in decades to improve the system, especially climbing out of the hole that we were in in 2011 that was created. Again, I'm curious and I wish there was a way that those factors could have been taken into your audit and looked at as what does that mean down the road?

I only leave it with you as that as a way of trying to bring into focus more of what the impact on maintenance enforcement is ultimately going to be in this province.

I know my time is almost up. I do want to say, though, that this committee meets more than any other committee in Canada.

MR. CHAIRMAN: Order. Time has expired. We'll move to the PC caucus. The second round will be for 15 minutes. Mr. Houston.

MR. HOUSTON: I would like to expand on my colleagues' comments. I will just put my colleagues here on notice that at the end I will make a motion that we have an empty date - June 13th, I think, and another one on June 27th, and then some dates in July. I'll be making a motion that we bring these three departments in to fill those dates - just a little heads-up for my colleagues.

In terms of the corrections audit, you've said that this audit of the Correctional Services facilities has resulted in more recommendations than any audit you've previously conducted. That should speak to the state of things that you discovered when you did your audit.

Some of the recommendations - I mean, I was looking, there's recommendations here: "Ensure COs complete all required training"; "Complete all steps in the hiring process"; "Complete CO performance evaluations." These are the types of recommendations we have to make to the most senior people in government? It just seems so hopeless that we need the Auditor General to come in and tell people to do these basic steps.

When you discover those types of things, how do you characterize the oversight in the department, really? How do you characterize the oversight in the department when these are the types of recommendations you have to tell the most senior people in government?

MR. PICKUP: I would agree, first, that many of these things are basic functions. If you look at the human resource management, I mean, ultimately in our system you put it on the minister who is accountable. Then beyond that, you look to the deputy minister to say, in terms of leadership, why are these things happening?

I can't answer the why and how these things happened and why it takes an audit for this stuff to be made clear in many cases. I won't attempt to speak for the deputy in answering that.

I think it was somewhat dismaying, if you will, to see this many things that seem so basic that aren't happening, particularly in an environment - because human resource management should work well in any organization and while I would say it's very important in an audit office, I might argue it's likely even more important in a correctional facility where safety and security are so important.

So yes, the number of recommendations and the nature of them, I was sort of left scratching my head as to why.

MR. HOUSTON: I join you in that head-scratching. When I see that we have the human resources, we have the operations side, and the recommendation to "Complete required rounds and searches." I mean that's where we're at - it takes the Auditor General to tell senior staff to do that. You'd think that maybe the minister might be paying a bit more attention to his department along the way, too.

"Complete offender medical history and security assessments" - I mean, how can we expect anything less than the results we've earned when this is the type of accountability and leadership we have at the highest levels of government?

Are you aware of any similar audits, maybe in another province, of corrections facilities? If you are aware of any, is there any sense of how we would stack up?

MR. PICKUP: We didn't attempt to compare our audit results. It would only be a guess on my part - I won't make a guess, but I would imagine that others have looked at that. I know just from my federal experience, when I was with the federal OAG - I know Correctional Service Canada has a very large internal audit department, and their internal audit department does a lot of work. They post everything online as well, in terms of their audit findings, so there's lots of stuff there as well.

I can't give you that sort of scorecard of how Nova Scotia compares across the country.

MR. HOUSTON: In the audit, you stated that Nova Scotia is spending \$250 per day per offender. Do you have any sense as to how that ranks against other provinces?

MR. PICKUP: Again, we haven't tried to cross-compare that across the country.

MR. HOUSTON: In the course of your audit, did you come across any statistics on minor drug seizures at our correctional facilities?

MR. PICKUP: In terms of incidents, we do indicate the incidents that we noted during the period. There were four major drug seizures. I'm on Page 32 on the summary of incidents. There were four major drug seizures, and it lists a dozen or so in nature incidents that we summarized.

MR. HOUSTON: Thank you for that. For intermittent sentences, you've stated that correctional officers face some pressure to process the offenders quickly. Where does that pressure come from?

MR. PICKUP: I think in fairness - I don't know if it's fairness, but it's in context to the folks that work at Correctional Services. If you go as our team did - and I spent three days in adult facilities across the province - if you go to Central, for example, on a Friday evening where they're processing intermittent offenders, you might have 50 people who are coming in for processing, who are there for the weekend. That poses significant challenges to the staff who work there in terms of doing assessments, in terms of getting them checked in, in terms of looking at the security of these folks, in terms of processing them.

They were quite frank with us that they're on the receiving end, if you will, at Correctional Services of what happens with intermittent. We're not questioning whether there should be intermittent sentences, but we do note that these are posing challenges.

If you look across Canada, this is one where the department has statistics. They would tell you that Nova Scotia has a lot more in terms of percentages of intermittent sentences than many other places across the country, so it's a challenge for them to deal with. Having said that, it's their job to deal with it and we looked at how they're dealing with it.

MR. HOUSTON: You did include a lot of statistics on intermittent sentences in your report. I think you mentioned that Nova Scotia has anywhere from two to eight times as many intermittent sentences as some other jurisdictions. You shared some very detailed statistics on intermittent sentences here in Nova Scotia: 77 per cent have more than 10 prior convictions; 26 per cent have been incarcerated more than five times previously; 86 per cent have been involved in internal incidents during prior periods of incarceration.

There were a lot of statistics there that I won't say seemed out of place, but it got my attention that they were there. What was the reason behind including those statistics on the intermittent sentences?

MR. PICKUP: I think the point is on context and fairness. I would go back to my earlier comment to say, yes, we're looking at how well you're doing the job with the cards you've been dealt with. But the fact is, I think it is important context that if you're dealing with a lot more challenges on the way in, in terms of dealing with intermittents, it's important that we lay out that context.

Having said that, at the end of the day we reported on what was being done - did you do what you're supposed to be doing and how well were you doing it. We don't want to lose that sense. I think it's not unlike maintenance enforcement, where we said you're dealing with 15,000 cases, which is context for people to realize the world this is happening in.

MR. HOUSTON: Did the department offer any feedback on those statistics? Did they indicate that they have any sense of whether intermittent sentences are kind of being over-used?

MR. PICKUP: I think that's one I'll be careful on in terms of the intermittent sentences because a lot of this involves the judiciary and the corrections end of it. They deal with what they receive and what they're told to deal with. I wouldn't want to leave here today with any kind of thoughts that I'm making a comment on whether there should or shouldn't be intermittent sentences. We have a system that awards those as they deem fit. We have an organization that has to deal with those people.

The department shared to us what that does for them without indicating there should or shouldn't be intermittent sentences, because that would be for somebody else to decide.

MR. HOUSTON: Thank you for that. In terms of grants and contributions, you've given a recommendation to the Department of Finance and Treasury Board regarding best practices for grant program design, administration, and monitoring. Is the fact that you made the recommendation to the Department of Finance and Treasury Board an indication that you feel the concerns you have raised extend beyond these three departments in question?

[10:15 a.m.]

MR. PICKUP: When we do these audits - obviously if you have 20 government departments, we can't be everywhere. We pick three to get a good sample. There are two things I hope from this. One is that if there are issues in other departments around some of these things, the role of the Department of Finance and Treasury Board is to get some guidance out to everybody so they can learn.

Also, I always say I hope the departments that were not part of the grants audit look to the results of this audit and say, we're going to do some self-assessment, we're going to take note, and we're going to do something. I think it was recognizing that there had to be a central function so as to provide this type of learning to all of the departments.

MR. HOUSTON: There's a general question that comes out of some of your audit of the grants and contributions. Is there an acceptable level of discretion for provincial employees? Is there an acceptable level of discretion, and is discretion sometimes exceeded?

MR. PICKUP: It depends what you mean by "discretion." We do comment that in the design phase, there needs to be more work looking at the risk assessment around the design of the grants so that, for example, you're not doing 100 inspections on a \$1,000 grant, but you're doing perhaps zero inspections on a \$500,000 grant with more risk. If that is what we're talking about in terms of discretion, I think we did say that at the design phase, there needs to be a better alignment in terms of looking at the risks around the grants so you don't get odd situations like that. In terms of discretion, that's one aspect.

Then there is something called discretionary grants, which is a whole other type of grant program that we looked at here as well.

MR. HOUSTON: I'm thinking in the context of whether the rules aren't being followed or the rules are being breached or the criteria is being breached on so many occasions. Are they being breached because the staff thinks the rules are silly, for lack of a better word? That's what I'm trying to get my head around.

I'll summarize what I read from this section of the audit, and then maybe you can tell me if I'm being fair or not. There are programs that don't have well-articulated goals. Grants are given to projects that don't meet the application criteria. There are few

inspections to determine whether projects were actually finished with the grant money. There is inconsistent means of recouping funds from failed projects. There is little examination of whether the projects ultimately meet the goals of the program, little examination of whether the program is meeting the goals of the department.

That's what I took from this. It kind of makes me think, well, that's not very good.

MR. PICKUP: There are two things I would add to that, if I have the opportunity - I think you want me to respond. Keep in mind that we did conclude that the grants were generally awarded and paid in line with departmental requirements. I wouldn't want people to leave with a sense that these things aren't being done appropriately.

Having said that, is there sloppiness around the management of these grants? Absolutely. Are there things that need to be done better in terms of looking at public expenditures with a concept of evaluation so that you can look to future spending and where you want to spend your money in the future? Absolutely.

A point I would leave you with is that we looked at 18 programs, and 17 of them did not have measures of success. Also, for 17 of them, the risks to program success were not identified.

MR. HOUSTON: I guess that's my thing. You looked at 18 programs. What percentage of coverage was that? How many programs were there?

MR. PICKUP: For the programs that we looked at - if you look at Appendix 2, we covered about \$45 million in these 18 programs that we looked at.

In terms of the total, if you look at Page 23, we have the total coverage. The total grants would have been \$127 million for 2016-17 and \$88 million - so just around \$210 million. We looked at \$45 million of \$210 million which I'm comfortable saying, as an auditor, that's pretty extensive coverage of the population.

MR. HOUSTON: It is but it isn't, in that so \$45 million of \$200 million and, let's face it, the results weren't very good, right? So you don't know what you don't know. But in the rest of that \$150 million, I would assume the results would be similar if you went and did it all. I don't think I would . . .

MR. CHAIRMAN: Order, time has expired. We'll move to the NDP caucus and the Honourable David Wilson.

HON. DAVID WILSON: I want to continue on with the Chapter 2 Justice correctional facilities. I know part of your conclusion was that staff training is not fully completed in accordance with the policy they have set out. I noted in Paragraph 2.19, Page 35, you provided a chart of correction officers and then the number of courses.

If I'm reading it right, it says there are two officers who needed one to two courses or did not complete one or two courses and then 10 officers who did not complete three to five and four officers who did not complete five or more. Am I correct to say that's a total of 16 officers you identified in the facility who don't have updated courses that are required - am I reading that right?

MR. PICKUP: Partially, yes, but the key thing missing from that is that those 16 are out of the 20 we tested. That's not out of the whole population.

MR. DAVID WILSON: What would be the total working population at Correctional Services - that was 16 out of 20 that you looked at, so out of the total?

MR. PICKUP: The total staff, including everybody, would be 575. But in this case here, this is just looking at 20 correctional officers of new hires.

MR. DAVID WILSON: Excellent, okay, thank you - 575 total. I know through my own experience that continuing education is important when you are in a certain field and that education usually takes place while you are working, which means you are off the duties that you are tasked to do.

Is there any indication that staffing level has played a role in employees obtaining the courses? I'm just wondering if that came across the audit. Is there enough staff there (1) to meet the needs of the roles that they have, and (2) ensuring that the staff is properly trained and have to come off maybe their regular duties to obtain the courses that are required through the policies that are set?

MR. PICKUP: There was no attempt to explain or look at why this wasn't the case. I mean the department had said this was the program put in place for these folks to take, this is what they should take. I think it's probably a good discussion to have with the department because I think what's most important on that now, we can't change where we've been or where we are but if they are going to deliver on the responses to the recommendations and the timelines, then I think your question is critical to say if you didn't do it before, you couldn't do it, how are you going to do it now and be able to deliver on that?

MR. DAVID WILSON: Thank you for that. I noticed under your conclusion you said many of the policies that promote safety and security are not consistently followed. Did you look at the specific courses that were needed? Do you identify which ones - and I know it could be in here - did you identify which courses seem to be the ones that are not being followed up on or taken by the employees?

MR. PICKUP: Sure. There are a couple of examples, if this helps. On the one bucket if you will, there's the new hires and the people coming in and what training they're

taking. The example we gave there was - one of the examples would be the mental health training.

The other bucket I would put it on is the expired training and the retraining which obviously I think is just as important as the other bucket. Some of the examples we use: we have 16 of 20 correctional officers that we looked at had expired training; three were the use of force training that had expired; and for emergency first aid, there were seven folks. So it did vary. It's not only on the new hires, but it's also on the recertification and retraining of people you have on strength.

MR. DAVID WILSON: Definitely those areas, which I think you mentioned under Paragraph 2.16 - understanding and responding to mental illness or equivalent, recognition of emotionally disturbed persons, applied suicide intervention skills training - are extremely important.

Can you indicate if those programs - and I just mentioned three of them - deal with any of the support for the correctional officers themselves? In context, public safety professions across the country have a higher rate of diagnosis of PTSD, for example. If you look at all the professions, unfortunately you have professions like paramedics, fire, police, military, and corrections. Corrections has the highest percentage of its workforce that are diagnosed with PTSD. Almost 26 per cent of correctional officers in Canada are diagnosed with PTSD, and it's alarming. A lot of talk and emphasis and light is shone on military, which actually has one of the lower ones in those public safety professions, but corrections is the highest.

In your audit, did you look at all at what the courses are being delivered, if that's the mental safety of correctional officers themselves - is that part of that program or is that something I need to dive into with the department?

MR. PICKUP: We just looked at the courses in terms of the names of them - whether they were required and whether they were taken. The nature of what's involved in those courses is better directed towards the department.

MR. DAVID WILSON: I appreciate that. I just want to go quickly - and I know I'm going to share my time with my colleague here - to the programming grants and programming. I think I heard this, and maybe it was the in camera portion or if not in some of the answers to some of the questions - did you indicate there are 170 grants that are given out and you audited 18? I heard 170 somewhere. I'm just trying to put that into context of the 18 or so that you audited.

MR. PICKUP: We looked at 18 programs, as identified in Appendix II where they're summarized, and we did within that on our sample, our testing - audit lingo if you will - we looked at 170 payments.

MR. DAVID WILSON: I know you give the list of the 18. Would some of those be to small groups? For us as MLAs, often interest in these audits that you've presented is important. Maintenance enforcement is one of the things we hear about in the office, but from many groups we hear from them how to access grants.

Did you take into some of those smaller grants that non-profit organizations apply for through CCH in the audit or is it just focusing on the overall Arts Nova Scotia grants to individuals? How deep did you look into - did you capture some of those small non-profit organizations?

MR. PICKUP: Part of why we did this audit is we wanted to get at the population of expenditures that were small grants that add up to big numbers, as they do here. For example - it depends on what you define as a small amount of money, I guess - recreational facilities with \$10,000. We looked at a number of those and we gave some examples of issues around those \$10,000 ones.

In terms of some of the samples around smaller ones, if Ms. Richardson wants to add to give you an example of some of the - smaller than \$10,000.

MS. ASHLEY RICHARDSON: Not necessarily in terms of dollar value, but I think in terms of what you're talking about in terms of those types of organizations, we definitely tried to get a cross-section of grants to individuals, grants to not-for-profits.

In terms of not-for-profits, things like community facility improvement, recreation for facilities development, one-time merging culture and heritage initiatives, operating assistance to cultural organizations - there are a lot of programs in there that we looked at those types of grants that you're referring to.

MR. DAVID WILSON: Reading through the recommendations and that, what I'm trying to get to is, to improve on the audit, is it the department - did you find that the small organizations weren't providing the information they needed to? Is the fix in the department making sure that those evaluations are done, that the checks are done?

Often, the small organizations are very small. They are usually all volunteers. I have seen grant applications from many of them, and they look fulsome and check off all the boxes. I want to make sure that those organizations aren't the ones that are being critiqued or criticized in the audit. Is it at a department level to make sure that the policies they have in place for the grants are - is that where the criticism or the concern is within the audit as a whole?

MR. PICKUP: The audit was very much looking at the departments and what they do. I do just want to leave you with a point here, particularly for smaller organizations: we're not suggesting or encouraging more bureaucracy or oversight over a \$300 grant. That's not what this is about. In fact, if you look at inspection, for example, you might have

more rigorous inspections on smaller dollar amounts where there was no risk assessment to ask why you would do that, and then you might get a bigger expenditure or dollar value that didn't have the same level of inspection.

[10:30 a.m.]

We're not saying move everybody to this incredible overlay of oversight and inspection. What we're saying is step back at the beginning, move a risk assessment and see where the risks are, what we really need to do in the design of these things and how we want to deliver - by the departments, not by the organizations receiving the money.

MR. DAVID WILSON: I appreciate that. Many of the organizations run on a shoestring group of volunteers, so I appreciate that clarification. I'll pass my time to my colleague.

MR. CHAIRMAN: Ms. Roberts.

MS. ROBERTS: A last thing just following along the line of questioning from my colleague is that our caucus has called for more operating grants for arts and cultural organizations. Right now, there has been a set amount of operating grants, and they have been going to the same organizations for a number of years. That means that some small organizations that are doing great work are needing to constantly twist themselves into knots to try to appear to present a project proposal for something new or innovative or one-time, when in fact getting that project grant will be what keeps the doors open for work that is ongoing and contributing a great amount.

I have a number of organizations in my own constituency that I have advocated for and highlighted the great work of. I think, for example, of the Bus Stop Theatre, which has no operating grant at all from the province at this point and yet is absolutely essential to the work of many other smaller organizations, theatre companies, and emerging artists, and without which we would be in desperate shortage of a venue.

I wonder if there would be any comment in an overall way emerging from this audit on the merit of considering an expansion of operating grants versus project grants?

MR. PICKUP: Decisions around budgeting and how much to spend on grants obviously fall to a government to do. What we're looking at here is controls and effectiveness of how that is managed.

I would just point out, for information purposes only, that on Page 26, where we give the appendix, we do budget versus actual. If you look at Communities, Culture and Heritage for 2017, the budget was about \$12 million, and they spent about \$24 million. The actual spend by Communities, Culture and Heritage, as an example, was probably double what they had planned.

The other two examples were a little bit different, but we gave you the budget versus actual, just in case that was useful information.

MS. ROBERTS: I did read in the audit that some of that overspend was as a result of federal dollars that became available that required matching provincial funds in order to leverage those, so I think that's a factor there as well.

I want to talk about the access road program that is administered by Forest Nova Scotia. As the audit points out, these grants are very small, the payments are small. They are going mostly to small woodlot owners - 90 per cent of the grants go to small woodlot owners. Between the percentage of the grants that go directly to Forest Nova Scotia in addition to an administrative fee that Forest Nova Scotia charges to the woodlot owners, Forest Nova Scotia gets approximately \$163,000 a year in revenue from administering that program where many of the grants are \$3,000 a year. I would just appreciate a comment on the value for money from that approach.

MR. CHAIRMAN: Order. Time has expired. We'll move to the Liberal caucus. Mr. Jessome.

MR. BEN JESSOME: Once again, thank you, folks, for affording us the opportunity to ask some questions and for putting together a report that becomes an important part of this process.

Back to first thing this morning, I would just like to clarify some of Ms. Richardson's comments about the different types of grants that were considered. Ms. Richardson, you identified some of the grants that were assessed as discretionary. Could you comment on what distinguishes discretionary grants from application-based or criteria-based grants and provide the committee a couple of examples of what discretionary grants might be?

MS. RICHARDSON: Just to clarify, we looked at discretionary grant funding at Communities, Culture and Heritage only. Essentially, those grants are grants that don't have specific eligibility criteria. For a discretionary grant, obviously, there's no application form or standardized assessment process that another program would go through.

In terms of examples, without getting into specific examples of some of the ones that we looked at, they varied from anything from operating assistance to entities in specific years to specific programs or purchases. They were really quite varied, and as it says in the report, they also varied in dollar value from \$100 up to \$1 million - in total it was \$1 million. I think that's it.

MR. JESSOME: That's helpful. I'm just trying to understand - there must be some type of expression of interest from community group X to suggest that they require this discretionary grant. Is that valid?

MS. RICHARDSON: Yes. Generally, the discretionary grants can come from any avenue. They can come from within the department, an application or something like that that was received to a program that didn't fit those criteria. It could be direct emails to the minister or other members of the department through publicly available email addresses, that type of thing. They really can come through any avenue. That's also part of what we discussed in there, that the discretionary grants are managed across the department. That's why there was no standardized documentation and retention standards. Based on what the grant is, it may be managed anywhere within the department.

MR. JESSOME: I would like to take a little deeper dive into something I just heard mentioned by Mr. Pickup, that there is a group of one-time grants that were included in this assessment. I'm just wondering - for my own knowledge, really - how you measure the productivity of a one-time grant versus an ongoing thing that you would be able to establish a baseline for.

MR. PICKUP: I think on the one-time grants, similar to an ongoing grant in terms of the principles-based approach, it would require you to look at what you intend to achieve by this expenditure, what would be the measure of success or the outcome. You would define that at the beginning, and then you would look at the risks to managing. After you go through the proper approval process and spend the money, then you would go back and look to see, what did we achieve for that?

A one-time grant may be one-time in nature and not a reoccurring type of thing - maybe the program is not going to happen - it still can be worthwhile to go back for two aspects. One, yes, the money is spent, but you know what you got for the money, but also in terms of planning for other types of things. It may identify new areas of expenditure, it may identify differing areas of expenditure, or it may say keep doing the same thing all over again.

So on a principles-based approach, I would say, some of the underlying principles are the same - whether it's a one-time grant or something that is a typical program, something that is ongoing in nature as well.

MR. JESSOME: That's helpful, thank you. Sticking to grants here, I'm wondering - as you reiterated in your comments a moment ago - groups are maintaining their requirement to the different applications that are presented.

I'm wondering, was there any consideration in your audit or was there any part of your audit that took place that would have dived into the specific procedure of administering the grants? I'm thinking from a client services perspective.

MR. PICKUP: In terms of the important but more simple administration, in terms of how the grants were disbursed going out the door, for example, we found that overall the controls were in place and that was properly occurring.

I think our recommendations really centre around looking at what you need in terms of the front end on the risk of a grant to ask what you want to have in place, whether that is inspection, administration, overlay - all of which have a cost and a benefit to say, what do you want to happen on that.

In terms of the money going out the door, going to the proper folks, overall, no concerns that that is not working well. We tested 18 different programs, 170 examples, and found that to be working well.

Having said that, the administrative practices that you refer to - some room to clean up and tighten some of that, to be forward looking in terms of looking at expenditures going forward.

MR. JESSOME: Let's shift gears to maintenance enforcement. I would say there has been widespread consideration throughout caucus - and I know consideration given by Opposition members as well - that maintenance enforcement is a difficult thing to enter into and to go through for a lot of people. To have to, as a client, lead the charge versus being served by the organization in terms of, bluntly, getting what you're owed from the person who owes it to you or owes it to your child.

Is there a national average that exists that would pertain to the amount of dollars or the number of - or the lack thereof - delinquent cases that exist in the nation? Obviously the goal is to have 100 per cent, but in trying to get as close to that as possible, is there a national benchmark that we as a province could match ourselves to or try to succeed in getting to that point?

MR. PICKUP: That's likely a very good question for the department in terms of them setting their performance indicators of where they want to go, future direction, do they look at practices across Canada or do they look at results across Canada? When they do, what does that mean? That sometimes is the issue for an auditor, for example, if you do some of that cross-country comparison and you say okay, the number is this or that in another province, then what? Let's say this number was a little bit higher somewhere else, it goes to your point, I think, your comment to say that doesn't negate your interest in wanting to change that \$60 million and make it lower.

[10:45 a.m.]

We haven't gone there in terms of looking at that but I would suggest that's a very relevant question for the department and how they incorporate that into their goal setting and objective setting and indicator setting, in terms of determining where they want to be and when.

MR. JESSOME: Thank you. I've dealt with a number of these files in my office, as I know all members likely have. They are truly difficult circumstances and by no means

am I trying to get away from the primary goal of positive customer service and making sure that we enforce and the children who expect and deserve and require these monies are able to get that.

Keeping with the maintenance enforcement, we talk about the ongoing monitoring of a client's file and perhaps there being some gaps in time that a given file is revisited. Stepping aside from that and looking at the enforcement side of it specifically, was there any type of assessment done in regard to whether maintenance enforcement is consistently exhausting their full capacity of enforcing court orders?

MR. PICKUP: Thank you for that chance to explain. I think the first step in that is very much what you alluded to in terms of bringing the actions, bringing the files forward in terms of looking at potential enforcement action.

First you've got to look at a file, I guess, to know whether you want to do A, B, C, or D, all of the above or none of the above. Some of the examples we gave in terms of the 25 cases that we looked at, the files weren't being brought forward to consider enforcement actions to start with. So if you're not bringing those files forward, you are not even getting into that B part of the discussion to say should you do this, this or this, in terms of the actions that you want to take. I think that is an important aspect.

It will always stay with me from this audit, I think, in terms of not using that function that when I was younger we used to call BF or bring forward the file - an electronic system of making sure the files are flagged, brought out to your attention to say, consider it has been X period of time, let's look at this file and let's see if we want to do A, B, C and D. You've got to do that first step in order to be able to do the next step to say what actions should we actually take.

Then you are into a question of the efficacy of those actions to say okay, you did the first step, then you decided to do A, B, C or D - now what happened as a result of doing A, B, or C or D? Did it actually impact the outstanding payments and the amounts that are owed? It's all very inter-related.

MR. JESSOME: I hear what you are saying and that certainly makes a lot of sense. I would add and my colleague kind of touched on it, that there has been a consciousness and a national agenda to address issues with respect to maintenance enforcement.

Provincially we've enabled more capacity through legislation; this year compared to last, the number of maintenance activities that have taken place have increased to the tune of 19 per cent more than last fiscal. I don't say that to belittle the significance of trying to meet that 100 per cent goal, but I think it's important to note with respect to government's appetite to try to improve the way that we serve clients that are accessing this Maintenance Enforcement Program.

I guess I would just jump . . .

MR. CHAIRMAN: Order. Sorry, the time for questions has expired. Mr. Pickup, would you like to provide some closing comments?

MR. PICKUP: I do, and I will be brief. I want to thank you for your questions. Thank you for your interest in our work. As you can probably tell, we have a lot of respect for this committee. We serve the House, we report to the House, but we very much look to you as one of our main contacts, our key points in terms of interacting with the House.

We view the Public Accounts Committee as a key aspect of promoting accountability. Yes, it's the departments and organizations we audit that have responsibility to do something with the results, but I think you folks play a key role. I think, to your credit - and I would encourage you to keep with it as a committee - that partially the 75 per cent completion rate that we saw this year is a reflection of your role too. So I would respectfully encourage you to keep calling in these organizations on our audits to discuss the results.

I would also again thank the people with me today, but equally important, if not more, are all the folks who work with the folks with me today to do these audits. There are 35 very committed people in the office. That goes from the person you see when you enter the door through to the people you see with me today. I have the easy job of coming to answer questions on the work that they do, but it's these folks that do all the hard work, so I thank them for that.

Looking forward, our next report won't be until the financial report in October. We're busy now doing all the financial audits over the summer. We put down our performance tools for the most part and work on the government financial statement audit.

I also want to thank - and I know I did at the beginning - the organizations that we audit. Again, I would stress there is no disagreement or argument with the people that we audit. I can't say that enough to say we're not in a position where we're trying to push to get someone to agree that something has to be done.

I met with the Minister of Justice this week to talk about his two audits and to talk about the two departments. We had a great discussion. I'm impressed with him and the deputy in terms of ownership of these issues and the commitment to do something. I certainly don't mind sharing with you that I shared with them that I really hope the committee would get the deputy in here sooner rather than later to assure Nova Scotians what is happening on these files because of the amount of time that has gone by since we did the audit. I will leave it at that and thank you again.

MR. CHAIRMAN: Thank you, Mr. Pickup, and thank you to your staff with you here today and those back at the office for your work.

We have some committee business. We have correspondence from the Department of Transportation and Infrastructure Renewal, information requested from the March 28th meeting; from the Department of Health and Wellness, information requested from the April 25th meeting; and from the Department of Business, information requested from the April 18th meeting. Are there any questions on that correspondence?

Just one small note. I want to ask members to ensure that no one takes photographs during our meetings. The only people permitted to take photographs during our meetings are the media. I put that out as a reminder to remind everyone about that.

Our next meeting date is June 6th, and that will be with the Department of Business. The subject is the Rural Internet Middle Mile Project.

With that, is there further business to come before the committee? Mr. Houston.

MR. HOUSTON: You noted the next meeting of June 6th, rural Internet. I note that the next meeting after that is not until September 12th. That's a long gap between meetings, and even after September 12th, we have meetings scheduled up to almost mid-October. I'm conscious of the Auditor General's comments that we should get the departments - the subjects of this audit - to appear before the committee sooner rather than later. I think that was the way the Auditor General phrased it.

I know the normal process would be for a subcommittee to make recommendations to the whole committee and then schedule after that. In the interests of time, since we have open dates - June 13th, June 27th, and maybe July 4th - I would like to make a motion to this committee, while the whole committee is here, that we fill those dates and honour the requests of the staff to get these departments in sooner rather than later and bring them in on June 13th, June 27th, and July 4th. We have Public Accounts Committee meetings, and we can fill each one of those weeks with one of the topics from this Auditor General's report that has been the subject here. I would like to make that motion.

MR. CHAIRMAN: Any comments on the motion? Mr. Gordon Wilson.

MR. GORDON WILSON: It was encouraging to hear the comments of the AG regarding how impressed he was that there was no disagreement with the recommendations that were brought forward. We have 75 per cent completion on recommendations. I think we're all really pleased to see the response of government to these recommendations.

We have a very formal agenda-setting process. We all have our schedules that we try to work around, and I also respect the Clerk's schedule on scheduling these meetings. Just for the record, on average, we meet double the amount of Public Accounts Committees in Canada. The closest one behind us meets only half the amount of time that we meet.

I feel it wouldn't be out of the question to have them in here, but at this point in time I would like to respect the schedule that we have set for the committee and go forward from there.

MR. CHAIRMAN: Ms. Roberts.

MS. ROBERTS: Just further to Mr. Houston's motion, we are starting an out-of-town caucus meeting on the 20th, but the 20th is largely a travel day. We could actually be here for Public Accounts Committee from 9:00 a.m. to 11:00 a.m. and then travel immediately after that.

To follow up on Mr. Gordon Wilson's comment, I'm still relatively new at this and relatively new at comparing the way we do things here with other jurisdictions, but many other jurisdictions actually have much longer legislative sessions, and there is continual discussion in the House. As I understand it, here in Nova Scotia, our Public Accounts Committee meets more frequently than some others, but our legislative sessions are relatively short when there's an opportunity to actually ask the ministers questions about their departments. For that reason, I would certainly welcome getting those in, particularly given the seriousness of the comments related to Justice.

MR. CHAIRMAN: We have about 90 seconds remaining in the meeting. Mr. Houston, would you like to formalize the motion?

MR. HOUSTON: Yes, thank you. The motion is that the Public Accounts Committee meet on June 13th, June 20th, and June 27th to address these three topics of the Auditor General's report in a timely fashion.

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

The motion is defeated.

We are just about of time, so there is not really time for any further business before the committee. Our next meeting is on June 6th with the Department of Business to discuss the rural Internet middle mile project.

This meeting is adjourned.

[The committee adjourned at 10:58 a.m.]