

HANSARD

NOVA SCOTIA HOUSE OF ASSEMBLY

COMMITTEE

ON

PUBLIC ACCOUNTS

Wednesday, April 10, 2019

Legislative Chamber

**March 2019 Report of the Auditor General:
Follow-up of 2015 and 2016 Recommendations**

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Public Accounts Committee

Eddie Orrell (Chair)
Gordon Wilson (Vice-Chair)
Ben Jessome
Suzanne Lohnes-Croft
Brendan Maguire
Hugh MacKay
Tim Halman
Lisa Roberts
Susan Leblanc

In Attendance:

Kim Langille
Legislative Committee Clerk

Gordon Hebb
Chief Legislative Counsel

WITNESSES

Office of the Auditor General

Michael Pickup,
Auditor General

Adam Harding,
Senior Audit Principal

Michelle Edmonds,
Audit Principal



House of Assembly
Nova Scotia

HALIFAX, WEDNESDAY, APRIL 10, 2019

STANDING COMMITTEE ON PUBLIC ACCOUNTS

9:00 A.M.

CHAIRMAN
Eddie Orrell

VICE-CHAIRMAN
Gordon Wilson

THE CHAIR: I call the meeting to order. We will start off by asking the committee members and witnesses to introduce themselves.

[The committee members and witnesses introduced themselves.]

THE CHAIR: Thank you. On today's agenda we have officials from the Office of the Auditor General with us to discuss the March 19th follow-up report of the Auditor General.

If you would now like to make your opening statements, we will begin.

MICHAEL PICKUP: In this report, we answer one of the main questions that I get from Nova Scotians across the province every time we submit and audit reports to the Legislature.

People will often stop me and ask me, whether it's in the grocery store or the hardware store: So, Mr. AG, what happens after you complete an audit? What happens to your recommendations and the government's promises to take action on these recommendations?

I believe these questions from Nova Scotians every day are at the heart of what the Auditor General Act and my office was put in place to do: to conduct audits, and to make reports and recommendations that we believe enhance both accountability and performance in the provincial public sector.

To answer this question, we produce an annual report on what has happened after each audit - simply, we call it our annual follow-up report. The approach is relatively simple. We do an audit, we wait two years, we go back, and we see if the changes we recommended and that the audited organizations agreed to, were implemented completely.

Our follow-up reports, I believe, are a tool that we hand to the Legislature to let both government and the people of Nova Scotia know how government is doing at following through with the actions to protect people's interests.

For the 2019 follow-up report, we followed up on 16 performance audits completed in the calendar years 2015 and 2016. In those 16 performance audits, we made 113 recommendations, and the government accepted and continued to accept all but one of these recommendations and made promised actions to address.

This report answers two simple questions: How many of those recommendations were complete; and how many are not yet complete at the two- and three-year marks in the case of the 2015 audits?

There are three key points that I would make. First, for the 16 performance audits conducted in 2015 and 2016, and the 113 recommendations agreed to, we found that 71 per cent of these have now been completed. This is, of course, a slight decrease from the 75 per cent we reported in our 2018 follow-up.

The second point I would make is that we need to look at 2015 and 2016 separately, as the results are very different, and I believe should raise some concerns and questions for those who use our reports to hold government accountable.

For 2015 audits, 87 per cent of the recommendations were successfully completed. However, for 2016 audits, only 40 per cent of the recommendations have been completed to date. Areas where recommendations were not completed include recommendations related to the licensing and inspection of child care centres; management of Nova Scotia's critical infrastructure; management of health and safety risks at homes for special care; and management of species at risk, such as the mainland moose.

The third point I would make is that the results are very different among the organizations that we audit. For example, nine organizations we audited successfully completed over 80 per cent of the recommendations; I believe that is solid performance. However, there are nine organizations that completed less than 80 per cent of their promised action.

I think this report should help Nova Scotians focus on asking government, and these organizations, why do they have this lower level of performance? What risks remain as a result? And when and how will they complete all of their outstanding recommendations?

I believe this report provides a very clear and simple accounting of where and how well government has performed when it comes to completing the actions that it promised and continues to promise to complete. I believe it provides the necessary data and insight to equip members of the Legislature, and all Nova Scotians, to ask very direct and specific questions as you work to hold government accountable for what it said it would do to improve programs and services.

In conclusion, this is the second report to the Nova Scotia Legislature from my office in 2019. To the people with me today, and to the people across the street who are working on the May report and financial audits, I say a big thank you: You should be proud of the work you do on behalf of all Nova Scotians. Equally, I want to say to the organizations that we audit and that we do follow-up with: Thank you so much for your professionalism and for the way you deal with all of our staff. We do appreciate it.

Now I will be pleased to take questions.

THE CHAIR: Thank you Mr. Pickup. We'll move to the first line of questions beginning with the PC caucus for 20-minute rounds.

Mr. Halman.

TIM HALMAN: Good morning everyone. Thank you very much for your summary of your follow-up report. According to the report, this year's overall completion rate is 71 per cent and that's down from the previous year of 75 per cent. To make a comparison your expectations is that departments ought to have at least 80 per cent of your recommendations completed after two years. Again, to point back to the report, the 2016 reports are well below the expected two-year completion point, having an overall completion of only 46 per cent.

As we all know, recommendations not completed leave the province's organizations exposed to known risks. I'm curious as to what the explained reasons are as to why there is such a decrease in the level of completion.

MICHAEL PICKUP: I think that question you posed goes to the heart of why we do this work. We do this work to equip members of the Legislature with a snapshot of where things stand so then members, as they may choose, can engage in discussions with the organizations that we have audited to say, why - if you take the case of homes for special care - why is it that there are five recommendations that are not complete?

We don't give you that story as to why they're not complete - we give you the fact that they are not complete. The organization agrees that they are going to continue to implement them; they agree they're not complete. But the question as to why they are not complete - in terms of why they may have fallen behind, what may be involved in that - really is up to the members to decide whether they want to engage with these organizations in that discussion.

The other quick point I would make on that is that, as I read through the responses of the 2016 recommendations and the things that are not complete, I think it very much begs the question, given the responses that were made at the time of the audit, as to why these things are not complete yet.

TIM HALMAN: With your extensive experience as an Auditor General, both here in the province and in your previous experience in Ottawa, I'm curious as to your personal explanation of it. In your experience, when you see recommendations not followed, what are the sort of general explanations for that?

MICHAEL PICKUP: I think generalizations may be a challenge here, because they may not tell what the real story is. I think more important here is the ability, through this report, to very much focus. We're not talking about a hundred audits with not-complete recommendations. It's very easy to focus in - for example, if you're in 2016, it's seven audits. What we try to do here is give you very specific and detailed information so that, rather than get generalizations, you can, if you so choose, get specifics from the organizations that were audited.

Now, I will go back to my point to say that when we audit organizations and they respond to our recommendations, we very much try to encourage them that if they think a recommendation is going to take longer, perhaps longer than two years, when we come back to follow up, put that in the response. Perhaps indicate or give a flavour of the risks that may be involved in meeting that recommendation within two years. But in this case, when I go back and look at the responses, you don't get an overwhelming sense that most of these recommendations ought to have taken longer than that.

In complete fairness to the organizations we audit, and to the members of the Legislature to whom I report, that discussion as to what may have happened subsequent to the audit - new issues that they may be managing, new programs, new risks - I think that is for a discussion and a judgment that should occur between people in the Legislature and the people we audit, equipped with this tool to ask those types of questions.

THE CHAIR: Before we continue, one of the members requested a copy of your opening remarks. I wonder if you can provide that to the clerk to distribute.

MICHAEL PICKUP: Can I do it after?

THE CHAIR: Yes.

MICHAEL PICKUP: Okay.

THE CHAIR: Mr. Halman.

TIM HALMAN: Thank you, Mr. Chair. So am I correct in saying, Mr. Pickup, that the responses from government departments would be far stronger, far more meaningful, if they contained within them attached timelines, two or three clear strategic objectives that they're going to try to achieve the recommendations? We would have stronger follow-up reports if that were contained. Is that a fair statement?

MICHAEL PICKUP: Two points on that. I think it's fair to say that I would continue to encourage more and more willingness to put dates, with the risks around meeting those dates. You're not always going to make a date. Things can happen. But if that is initially laid out, I think it would help members ask questions, to say, "Okay, you said you were going to do this. You said you were managing risks A, B, and C. Let's have a discussion around what happens."

I'm encouraging organizations, and I say, if you think a recommendation is going to take longer than two years to address, I think it's better to say that at the time we make the recommendation and let members know that. If members of the Legislature then believe that five years is too long, I think that is a discussion around government performance that occurs in the Legislature, not between the Auditor General and the organizations we audit.

So yes, I'm encouraging that. Having said that, I think that overall my sense, my impression, is that in the five years I've been Auditor General, there has been improvement in the way responses to recommendations are written. I think they are more specific than they used to be. I think in many cases they have more timelines.

If you breeze through the eight-page summary I gave you, we have highlighted in the right column, where there are dates - many of these have dates. Yes, there are two that say "intend to implement," and maybe they could do some work on putting more dates in, but I do think it has improved over the last five years.

TIM HALMAN: Could you elaborate on those improvements that you've seen over the last five years?

MICHAEL PICKUP: Sure. I always like to work with specifics, so if I can refer to the summary that I handed out - so for example, if we breeze through the 2015 audit, I'm on Page 1 of 8 of that handout that we gave you today, Aquaculture said they expected to get this done within 18 months for both recommendations, and Procurement and Internal Services said they would finish in 2015-16.

[9:15 a.m.]

If we look at the funding to universities, that was to be done in 2017-18; then if we flip to the 2016 audits and we get into Homes for Special Care, for example, there are dates there like by April 21, 2017, currently developing and to be completed by September 2018; if we go to Species at Risk most of the responses to the recommendations indicate that by October 31, 2016; and if we go to Licensed Child Care, most of them say that things will be done in 2017. I'm not sure you would have seen that many dates five years ago.

The dates in and of themselves only give you the opening to a set of questions because the story around them, in your judgement, may or may not be valid. But I think being equipped with this information to ask these organizations those questions will then put you in a position to judge how you like the response or don't like the response or if you think it needs to change.

TIM HALMAN: Correct me if I am wrong, but after this follow-up, there will be no further follow-ups on the 2015-2016 recommendations. Is that a correct statement?

MICHAEL PICKUP: No, and I know it's incumbent upon us to try and make this less confusing but the 2015 was first followed up last year and it is followed up again this year - so 2015, we're done. We wait two years and we follow up for two consecutive years; 2016 is our first year following up, so we will again follow up 2016 next year and we will add on 2017.

TIM HALMAN: How confident do you feel that departments will actually complete these recommendations that you and your team have completed?

MICHAEL PICKUP: I think one of the things that's very important for me is that the recommendations - when we come back and do a snapshot of where are we now and if we look at 2016, we are now two-plus years out.

One of the things I will say to deputy ministers, and I will say to CEOs and the people we audit - don't say you agree with the recommendations if you don't agree. That's the first step and as you can see here, they say no, no, we agree that this continues to be a good recommendation, it continues to be relevant; however, we are having challenges, or it is taking us longer to implement than perhaps it should have.

I think the first step is: Do I fully believe that when they tell us they agree with the recommendation? I absolutely do because there is no point in us making recommendations that are never going to be implemented, that aren't relevant.

We work hard with organizations, I think, to say we want to do audits that make sense, we want to do recommendations that you may say are hard-hitting, but I say add value. So, the organizations are telling us they still intend to do this. Then we say okay,

why aren't they being implemented? Well as I said to somebody recently on one of those talk shows who said that nothing we do ever gets done, I said that's not true, 87 per cent of what we recommended in 2015 got done. Yes, only 46 per cent at this point for 2016, which I think is too low.

What gives me some faith is that 71 per cent of the recommendations have been implemented. Do I think that's good enough? No, but I only say that because we set a reasonable target of 80 per cent and because when I look at the initial responses, without digging into it as you may or may not do, it's hard to figure out why these things are not yet done when the timeline seems to have passed quite a bit.

So a long answer to your question - yes, I believe they continue to look at the recommendations as valid, and yes I do believe there is a real interest in implementing these. But do I think the progress this year causes some questions and concern? Yes.

TIM HALMAN: Thank you, Mr. Pickup. The report states that recommendations not complete leave organizations exposed to known risks. I think for Nova Scotians when you hear a statement "exposed to known risks" that captures their attention. Could you outline some of the worst cases and maybe general examples you could think of that could result of these exposed known risks that you outlined in the report.

MICHAEL PICKUP: Perhaps what I will do is ask Ms. Edmonds and Mr. Harding to give you a sense from a couple of the 2016 audits with some of the bigger recommendations, to walk to a couple of those quickly in terms of the risks that remain. I will say, even though I'm asking them to do that, I do strongly believe that one recommendation not done from an audit can still be significant.

If, for example, we talk about that recommendation around AMANDA or around critical infrastructure not being done. We may not use those as examples right now but those continue to be very valid because I don't think we ever want to get to a point where we say, okay, well, why did something happen - could that recommendation have prevented something bad from happening in the future?

Maybe, Ms. Edmonds, if you want run through a couple from 2016 on your list and, Mr. Harding, if you want to run through a couple - maybe just a minute or two.

THE CHAIR: Ms. Edmonds.

MICHELLE EDMONDS: If we look at the species-at-risk audit, some of the things there that we would have examined at the time of the audit would be making sure that the department knows what's happening. Recommendation 3.4 says, "The Department of Natural Resources should create a comprehensive monitoring program for all species at risk and ensure monitoring activities are clearly communicated and completed as planned."

Some of the risks we would have seen there would be that the department didn't know that these activities were happening. So by that recommendation not being complete, that risk still remains that the department may not know that monitoring activities around these species at risk are actually happening.

If we look at licensed child care as another example, Recommendation 1.3 - which is not complete - says that:

“The Department of Education and Early Childhood Development should update and follow its licensed family home day care inspection policy. This should include mechanisms for the Department to verify the inspection information reported by family home day care agencies.”

Again, this one is similar in that the things that we would have seen at the time of the audit would have been that the policy existed but it wasn't being followed completely and that that may leave the department open to some known risks around not knowing that the activities are actually being done or being reviewed or inspected.

THE CHAIR: Mr. Harding.

ADAM HARDING: Good morning. So, in terms of risk, if I look at our audit of homes for special care, which was from June of 2016, there are two recommendations that I'll use as examples.

The first one was that the Department of Health and Wellness should “have a management information system to efficiently and effectively manage its responsibilities for licensing and inspections of homes for special care.” So, by not addressing that recommendation and having a management information system, really, you're running the risk of having inaccurate information, not having management reporting to be able to give you information like trends of issues that you're seeing on the different inspections. That's the type of thing that would be lacking.

The other recommendation that I'll just point out is Recommendation 1.3, “The Department of Community Services should sign agreements with all service providers which clearly establish performance expectations and reporting requirements.” Again, by not having those signed agreements, there is the risk of unclear expectations from the service providers and ultimately that you might not get what you're paying for from those providers.

TIM HALMAN: I want to thank you for that summary of those departments. In your estimation, to what extent could these exposed risks be attributed to a lack of oversight, a lack of accountability, to perhaps just improper management? Could you comment on that.

MICHAEL PICKUP: The nature of this engagement - and we're trying to give you a snapshot of not complete - is to provide you with a tool to allow those types of questions to the organizations we audit. In fairness to the organizations we audit, to respond to why these things are not complete, which they agree they're not complete - where they stand, management decisions that may have been made in relation to doing these things or not doing these things - the judgment as to whether that is acceptable from an overall management perspective, which is really the judgment of legislators in their oversight of government - really I should leave to the departments to answer.

TIM HALMAN: Thank you, Mr. Chair, how much time do I have?

THE CHAIR: About two and a half minutes.

TIM HALMAN: Thank you. I am going to get into some questions about some specific departments now. With respect to Internal Services, why has the Department of Internal Services not made it a requirement for vendor evaluations to be completed at the end of contracts?

MICHAEL PICKUP: I was going to hand that one off but unfortunately - and I'm not trying to be evasive - but again I have to go back to say that the reasons why that may not be done, where it may stand, I cannot provide a commentary on.

We do not try to get into the commentary in this report as to where exactly it might stand. It's really to open up the opportunity to ask those organizations why something might not be done so that you can then decide if you want more of the story and then you can evaluate whether you think that is acceptable or not. I wouldn't be able to provide a commentary on why something hasn't been done, other than tell you that they agree, it's not complete.

TIM HALMAN: So, along the path of your investigations and analysis, you never ask specific questions related to why this has occurred. Is that a correct statement?

MICHAEL PICKUP: The nature of this engagement is only to find out if something is complete or not complete and then to equip you with this as a tool for you to decide whether you want to hold these organizations accountable. Whether you think it's acceptable or not that somebody made a decision to do something, or not to do something, in the context of everything that surrounds that.

THE CHAIR: Mr. Halman, 30 seconds.

TIM HALMAN: Thank you, Mr. Chair. We certainly value the reports of the Auditor General. I think for Nova Scotians though, they certainly would want to have more in-depth justifications as to why recommendations aren't being followed. Do you ever

foresee, when you do analyze, and do an audit, that you would be asking those specific questions as to why? Would the scope of your investigation expand?

THE CHAIR: 15 seconds.

MICHAEL PICKUP: During an audit, yes. We always try to get to what we call root cause. To go to the point of this type of reporting, if we want to engage in a discussion on providing more of that information, it's possible and I think we could have a discussion around looking at the cost of doing that and the value add, and then equipping our office appropriately to do that extra work.

THE CHAIR: Thank you, Mr. Pickup. We will now move to the NDP caucus and Ms. Leblanc.

SUSAN LEBLANC: Thank you, Mr. Chair. I just have a couple of general questions that I would have asked in the in camera part but I ran out of time - they aren't in camera subjects, if you know what I mean.

First, you've explained a little bit about the process of the follow-ups. I just want to be clear though, so after the second checkup - so for 2015 it would have been 2018, is that correct? That's the right math. So, after that second time something is checked up on, that's it, right? There's no further follow-up?

MICHAEL PICKUP: I can answer that affirmatively, yes - 2015 will not be on schedule for next year for us to follow up.

SUSAN LEBLANC: I'm wondering in your professional opinion, do you feel satisfied that that is a good system, or do you feel, if properly resourced, your office would prefer to be able to follow up again and check up on recommendations again?

MICHAEL PICKUP: I think there are a couple of ways I could answer that. I think, of course, it is with respect that I would say I would hope that when we give this information on 2015, and we see some of those recommendations - and it's not 100 recommendations, it's a handful of those 2015, it's that 13 per cent - I would hope that that would generate some questions from legislators to say, why are these nine recommendations from 2015 not done?

Do I believe perhaps, it would add value to go back and follow those up again? Yes, keeping in mind everything has a cost, right? We could do it and probably there would be benefit from it but certainly, I mean, we work for the Legislature, we work for you folks and if you think that is something of value then I think it is something we should go away and think about, if that is the message I am taking away in terms of both providing more of the story as to why something is not complete and where it stands, and following up for

additional periods of time is certainly something that we're here to serve and something that we could look at putting in our budget proposal.

[9:30 a.m.]

SUSAN LEBLANC: In many cases, as you pointed out earlier, there are certain departments that have been offered many recommendations and in certain cases like partial recommendations have been completed. For instance, and I don't have the page now - Internal Services, there were 16 recommendations and 14 were complete; Education and Early Childhood Development, 26 recommendations and 19 were complete; and then we have a department like Community Services where there were two recommendations, and none were complete.

When I first read that, when the report was first released, I thought well it feels to me like that's sort of more "incriminating," if that's the right word, for the Department of Community Services because they had little to do and nothing was completed versus an organization that was given a bunch of things to do and they did at least some of them. I'm wondering if you have any thoughts on that - is that a valid kind of comparison or suggestion?

MICHAEL PICKUP: I guess we all see things the way we see things, but it's not how I would see it and not how I would approach it. I think when a recommendation is not done, like the AMANDA one and Internal Services - yes, they did lots of the recommendations and I think that should never be taken away from them. They've done lots of things and all of those things are positive, and the organizations that did 100 per cent I think should be commended. But that doesn't take away from the fact that there are 32 recommendations that everybody in government agrees should be done and they are not done.

So whether that is one here, five there, four there - I think that is the story. When I meet with senior folks, they never really try to push that to me to say well give me a break, we've done 10 out of the 11 things you asked. People focus on the validity of the recommendations, what's involved in doing it, not on a numbers game to say, well, we did most things. I never really get that as a response.

You gave the example of Community Services and I guess at the risk of sounding overly repetitive, I would still go back to the summary that I provided you. If you go back to the initial response that on the 1.3 and 1.7 in Chapter 1: Homes for Special Care that were directed towards Community Services, they said they will put those things in place during 2017-18, in the case of Recommendation 1.3 and in the case of Recommendation 1.7, by September 2018.

All I can tell you is what they originally said, that they are not done. If you were to ask them and get the reasons why then I think you are in a position to judge to say I don't

like that or I do like that or I think that's okay, not okay, and then to hold the government to account, based on your conclusion based on that.

SUSAN LEBLANC: What risks remain as a result of not completing the 32 recommendations?

MICHAEL PICKUP: I guess I'll look back to you to some extent because I don't want to use up your time, but if you look at the 32 recommendations, I can't pinpoint them all to one specific program, which might be easier if I could. Part of the work we do, we have seven audits with 23 recommendations from 2016, and nine recommendations in 2015 on seven audits. These are 14 varied audits that are by nature, by strategic approach from our office all over the place, which is where we want to be - all over the place across government.

I think this represents a diversity of what government does. Government is all over the place, government is in species at risk, they are in hospitals and homes for special care, they are in licensed child care, they are running procurement. Government is doing a lot, so we are all over the place, doing audits all over the place, so the things that aren't done are all over the place.

If I was to give you sort of a summary of the risks, it really would be 14 different subgroups of audits to say each of those with risks. I think to drill down a little bit on that, I think there are some obvious questions that come out of this as to why some of the organizations have five. I think there's two or three that have five recommendations that are not complete, some with three - what is going on there? I wouldn't pre-judge the answer to that. If you talk to these organizations and they told you the reasons why, then you would be in the position to judge, to say, I'm kind of okay with that, I'm not okay with that, or, I want action here.

SUSAN LEBLANC: Given that response, do any of the recommendations come to mind as being particularly concerning - for instance, the safety of Nova Scotians? For any reason, do any wave red flags for you?

MICHAEL PICKUP: I'm not taking the easy way out, but I think all of these do. Let's keep in mind, we're auditing a \$12 billion a year organization. We can only do so many things, so when we pick audits, I believe they are higher risk, higher value things that are important.

I believe, as the Auditor General, that when we audit species at risk, that is as important to Nova Scotians as auditing procurement and whether services are being obtained in the way they should - for different reasons to different people, but I think all of these are important.

I think some of these lend themselves easier to resonating with people, like licensing and inspections of child care centres, homes for special care - those resonate with people probably more quickly. But I would argue that species at risk and the protection of species at risk is as important to people in the long run as those things are. I know it's an easy way out to some extent, but I think all of these are important audits.

SUSAN LEBLANC: I'm going to ask about child care now. In your report, you found that although the department has set targets related to accessibility and affordability, it does not define what it means by accessible and affordable child care. There is a significant body of research around accessibility and affordability in child care. Has the department provided any reason to your office for not defining those terms?

MICHAEL PICKUP: First thing, in fairness to the department, as part of this process, we don't try to get a dialogue, a rationale, as to why something is not done. This is fairly basic reporting: it's complete, it's not complete. Do we agree where it is complete, do we agree where it's not complete? Is everybody in agreement that it's not complete? Is everybody in agreement that the recommendation is still relevant?

There is no sense of where things stand because based on the way we do the report now, in accordance with the audit standards that we're following right now, we don't capture that type of information. If we wanted to, it opens this up to be a bigger engagement, it's possible. Why does it become a bigger engagement? Because if somebody says, we are here, we want you to report we are here, and here are the 32 reasons why we are here, and we want you to audit and report to the Legislature that these reasons ... this is the story, that these are valid. For example, if we thought we were going to get a five per cent funding increase and we got one, we want you to audit that and tell that as part of the story. That will take work.

It's all possible, but it would take work. But some of what I'm hearing here today is probably a pause to have some thought and some discussion - and maybe subsequent discussion - around whether that stuff is becoming more relevant, particularly as we move into a smaller basket of recommendations not complete. I think 32 recommendations not complete is a little more manageable to have discussion around, to have a bigger report around, than something over 100, for example. Sorry, long answer to your question.

SUSAN LEBLANC: That's great. I'm not speaking for my caucus - this is purely personal at this moment - but I'm curious to know a little bit more about this idea of drilling down to root causes. Does it make sense that something like that scenario, again if it was properly resourced - that would be something that would happen only in a follow-up report or would it be something that would happen in the initial audit? That's my first question.

Secondly, can you provide some kind of scenario, even if you just use an example from this follow-up, of what your work would look like if you were to drill down to root causes in one of those particular recommendations, for instance?

MICHAEL PICKUP: Root cause analysis in our actual performance audit is at the heart of what are attempting to do. When we make recommendations, we try to get to the root cause.

If I go back to *Bluenose II*, for example, rather than just saying you didn't have the proper budgeting information system or you didn't have the right risk management framework, what we started with as the root cause - the wrong department got this and the decision was too quick at the beginning for a whole lot of funding reasons and a whole lot of other issues. The root cause there was getting to that issue being the heart of it rather than a symptom of the root cause.

We very much believe in trying to do root-cause analysis and it's something we are working on. As recently as a month ago our folks were in training for two full days on trying to get even better at looking at root-cause analysis. It's something I'm investing in, the entire audit profession is investing in to try to make these audits more focussed on the root cause. I think when you focus on root cause, I'm a believer that when you focus on root cause, you end up with six or seven good recommendations, solid recommendations versus 35 symptom recommendations that don't get to the root cause.

Are they harder audits to do? Yes. I think one could do a PhD on whether they cause more difficult recommendations to implement is probably a whole field of study. That is the answer on the root cause. I very much believe our performance audits are working to get to root cause. In a discussion like I would have, for example, with the deputy minister on the audit, tell me, why did this happen? We're seeing these problems, the problems aren't the problem they're symptoms. Why did this happen to start with? I find that community very engaged in trying to have that discussion with us.

To go back to what your question on this follow-up. If we were to get into, species at risk, for example - why weren't these things done by October 31st? That would be on mostly re-auditing sort of where things stand now. If they said it was because we got into this and we realized we had to do 118 in-depth risk assessments on endangered species that took us 10 times longer than we thought, then we would have to audit that to be able to report it, which is possible, but it will take time and a bit more resources.

SUSAN LEBLANC: Back to child care. Your audit found the department was not managing grant-and-subsidy programs to make sure they achieved what they were intended to do. The budget tabled by the government includes \$67 million for regulated child care including subsidies and grants. Given that the department has not addressed your recommendations, do you believe they are able to measure the value of this spending and how are we able to hold this department accountable if the programs are not managed to make sure they achieve the intended outcomes?

MICHAEL PICKUP: I know this is awfully repetitive, but Recommendation 1.7 that I believe you're referring to that is not complete, it outlined what they intended to do

to ensure that subsidy requirement met what they wanted it to achieve. They said they were going to do an improved subsidy application process for December of 2016 with policy revisions to be implemented in Spring of 2017. Why that is not complete? Where it stands now, what risks may or may not be present as a result of that not being complete - really, I couldn't engage in that discussion because it's not part of the goal.

It goes back to some extent that as we have it now, my goal here in this follow-up report is essentially to hand you a report card to say where things stand: what's not complete, what is complete. Of course, that doesn't answer your questions to help you judge whether you think in some cases not complete is valid, whether you think it is valid, not valid, somewhere in the middle? We're not giving you that and we're not trying to do that, we're just really trying to equip you with a snapshot, a very quick snapshot.

SUSAN LEBLANC: I think I already know the answer to this one, but I'm going to ask the question anyway. Your audit found the department spent \$700 million on P3 schools and could pay up to \$200 million more to purchase all 39 of those P3 schools. We also know the P3 leases resulted in a profit of at least \$52 million for one company.

Based on this, do you think the private-public partnerships are a responsible method for building infrastructure?

MICHAEL PICKUP: The only think I would say about public-private partnerships is where they relate to the administration aspect, so audit areas where they are done for efficiency or for those types of reasons. There is plenty of audit evidence to support areas of risk that need to be better paid attention to. If we look at the audits that we did on P3s at schools, for example, there were a number of caveats, a number of things pointed out, that ought to have been done better.

[9:45 a.m.]

I think that the important thing is that, when someone is looking at doing a P3, they consider past audits, whether they're done by us or by Auditors General from across the country - there have been lots of P3 audits - and that those things get considered.

SUSAN LEBLANC: I'm going to ask a question about homes for special care now.

“. . . the Department of Health and Wellness has not yet completed recommendations to

- have a management information system to efficiently and effectively manage its responsibilities for licensing and inspection of homes for special care

- establish clear responsibilities and accountability for service provider performance and related reporting requirements and ensure those activities are carried out
- work with the Department of Community Services, and complete their planned projects related to future demand for services . . .

There is a risk that by not completing these recommendations, the Department of Health and Wellness may not be adequately monitoring and managing homes for special care.”

We also know that:

“Department of Community Services has an overall completion rate of zero percent, having completed none of the two recommendations from our 2016 audit of homes for special care. In addition to the recommendation discussed earlier with the Department of Health and Wellness' recommendations, Community Services has not completed the recommendation to . . . sign agreements with all service providers . . . ” and therefore “There is a risk that by not completing these recommendations, the Department of Community Services may not be monitoring service providers' performance and long-term sustainability of funding for homes for special care.”

Is it particularly concerning that these recommendations have not been addressed, given the vulnerability of the populations served by homes for special care?

THE CHAIR: Mr. Pickup, you have 45 seconds.

MICHAEL PICKUP: I think it's concerning that the recommendations are in the not-complete status. I think that is a concern. I think to better inform your discussion around how concerned you need to be - where do these things stand now? Are they nearing completion on some of them? They say they're not complete. They say they're going to do it.

I was surprised that some of these things are not complete, because when we do these audits, I get out in the field. I've been in the homes for special care, whether it's some of the long-term care facilities. Even though this was in 2016, I can remember being with the staff when they were talking about the manual process involved in inspections and having to write up notes and then go back to the office and start typing things up - how hopeful they were to get some sort of information system that would be able to capture

this, to modernize this a bit more. It's not about the fancy gadgets. It's about being able to be more efficient and effective by having the right information systems.

This is one, particularly when I said the department is currently inquiring into the solutions, and this is back in 2016 - it does make me wonder why this is not yet done, given it was the number one thing that sticks in my mind from being on the site.

THE CHAIR: Time's up for the NDP caucus. I'll now move to the Liberal caucus and Mr. Wilson.

GORDON WILSON: Thank you very much, Mr. Pickup, for another insightful report. To me, follow up is something that we've talked a fair amount about, especially in the last year or so, and I really do appreciate the questions from my colleagues.

As you see today, you've had a blended amount, but there's been a lot of leaning towards more procedural and more informational on how these follow ups work and what we can do as a committee to improve and help understand better the implications of these, and maybe make that completion rate go even higher.

My first question to you is: Do you think 100 per cent is achievable, and if you do, how do you think we could get there?

MICHAEL PICKUP: I think a goal or a target for a completion rate is going to be somewhat subjective. What we set in our business plan that we tabled with the Legislature is that we think 80 per cent within two years is a reasonable rate. Why 80 per cent versus 79.1 or 81.1, I can't give you a completely scientific answer, but my thinking is 80 per cent gives space for perhaps one in five recommendations not to be completed within two years - and that is based on my experience. Federally, it's based on 30 years of doing this; it's based on history.

One might ask: Why not make the target 60 per cent and then you'll meet it? Well, I don't think that makes sense. I think you want to have something that is achievable, but ambitious. That's how we landed on the 80 per cent.

GORDON WILSON: Okay, in saying that, part of my question was also - and I understand that - maybe when we reach 80 per cent, we might look at adjusting that. But in saying that, you've heard several questions around the scope of your audit, around the timing of it - and I will ask again, just more for the sake of understanding of those that follow Legislative TV and watch. We have a two-year report, but we are looking back almost four years, and I'd like to know: How can we squeeze that in a little closer, so we are getting more timely information, from your perspective?

MICHAEL PICKUP: Firstly, I would say I respect 150 per cent the feedback, the comments, the questions I'm getting, and I am very excited about the questions around follow-up and pushing me towards that. I will say that first.

Secondly, I would say we can do almost, like, anything on follow-up that would serve you, that would give you better information if that's what you want, and we can agree that there is a reasonable cost around that. Right now, we wait two years.

We could wait one year and come back and follow up in one year if the people we report to - you folks in the Legislature - think, yeah, you know what? We would rather get more timely information, so we can get on top of something more quickly.

I think we would have to keep in mind, not that I'm here to put forward the case of the people we audit, but I think we have to keep in mind that if we are less than 80 per cent after two years, what's going to happen after one year is that the perhaps the completion rates are going to be lower than they are now.

I think there would have to be a recognition that you don't shoot the messenger here in terms of, okay, we know going into this that we see the difference between when we wait two years and three years in terms of 2015-16, following up in one year, but perhaps that is what is needed in terms of earlier intervention so that when it gets to year two, the completion rates are, indeed, higher. All those things, I think, are possible.

GORDON WILSON: So from your perspective in your experience in doing audits, departments you mentioned have improved. One of the biggest improvements that you've seen is that they are actually now putting dates; that's a double-edged sword. We recognize that that is a definite improvement that we've seen from five years ago when you weren't seeing a lot of dates at all. The folly of that is you're confined to that date and when you don't meet that date, you're not meeting that recommendation.

Do you know, or do you feel that there is a limit on how far out a date should go, a reasonable timeline that departments should be able to meet recommendations?

MICHAEL PICKUP: I think it would depend on the department, it would depend on the recommendation, and it would relate back to the business plan of that department. I think if there is something significant - an information system, for example, an organization is planning out a year, two years, three years, so they know at that point, I think, at the time we're doing the audit, if something is reasonably in the cards.

If you look at some of the responses from Community Services, from the Department of Health and Wellness, there was reference to some big initiatives that were going to be taking place in 2016-17. In those cases, I think that lends itself to putting a timeline in, knowing what your own priorities and plans are. If you think you need to spend "X" dollars on an information system and that's not in your cards for your business plan

for the next year or two years, why would you say you are going to get that done within two years? You're probably not.

I think to go to your point, I don't know that I fully hold the view that putting a date in and not making a date in and of itself is a failure. I think putting a date in, having a discussion on why you didn't make a date, and what might have happened on that - I mean, management makes decisions and this is partially why as the auditor I'm always kind of reluctant to talk about good and bad, and reasons something may not be done because, I mean, it's government management who is making the decisions in some of these cases on why something might get postponed to be completed.

So, there may, in fact, be what you would judge as valid reasons. There may in fact be not valid reasons as to why something got postponed but I think having the date in and of itself allows that discussion to occur and I think most of the literature would suggest that objectives or goals, including what you can view a response to, should be measurable, should have specific targets, should have timelines to create a little more rigour in the responses.

GORDON WILSON: I have one last question before I turn it over to my colleague. We saw from 2010 to 2012-13, there was a significant improvement in completion; I mean, at one time we were at 27 per cent believe it or not. That's kind of scary to think of it and then things sort of flattened off a little bit and then they have in recent years, again, started to make an upward trend.

Obviously, there were things that happened then. You were around, some of us weren't. Can you tell me what, in maybe those two periods, were significant things that the Public Accounts Committee did or you did or government did that might have changed and made that upward trend?

MICHAEL PICKUP: Attribution can be difficult. Having said that, I will give some views that I have. I do believe that the follow-up report in and of itself is attention to issues. The report we do by following up, I believe, brings attention to the recommendations and has helped encourage completion.

Having said that, I think in fairness to the organizations we audit, I don't believe the only reason they're doing these recommendations is because the Auditor General is following up or that Public Accounts Committee might ask them a question and the Legislature might ask them a question. I firmly do not believe that, but I strongly believe that all of these things contribute to accountability and to things getting done and encourage that getting done. I've always been of the view - and since you've asked - that the Public Accounts Committee's oversight of these organizations is helpful.

For the 2016 audits, I went back to my notes to see how many of those actually came before Public Accounts Committee - only two of the nine were called into Public

Accounts Committee. If I go back to 2015, 16 of the 19 were called to Public Accounts Committee. I can't attribute all of that one difference to the huge difference in the 2015 and 2016 results. All I can say is that most of the 15 audits were called in. The completion rate is 87 per cent and I can say the fact that very few of the 2016 audits were called in. The completion rate is a concerning 46 per cent and a drop.

GORDON WILSON: Thank you very much. That was an insightful comment. I'll turn it over now.

THE CHAIR: Ms. Lohnes-Croft.

SUZANNE LOHNES-CROFT: Thank you and let me say I am glad the *Bluenose II* restoration project is complete.

I just want to follow up on something my colleague from Clare-Digby was mentioning about the follow-up reports because I really feel they are crucial to our work as a Public Accounts Committee and you as an auditor and your department because we can make all the recommendations in the world but if there's no checkup, you know, it leaves a door open for people to not take the recommendations seriously.

So, is it possible for those who are lagging behind in completion of recommendations to perhaps consider a one-year timeline update or a status update as to where they are at in the recommendations, rather than waiting another two years to find out if they've completed the recommendations. Is it possible for us as a committee to ask for that?

MICHAEL PICKUP: We are here, and this is more than a motto, to serve as the independent auditor to the Legislature. The Public Accounts Committee is one of our biggest audiences. If what I'm hearing from you is that you want quicker follow-up, more stories in the follow-up as to the reasons and the things that are happening, then I think we have to take that away and obviously consider how we meet that request. We are supply driven, I hope, and you are saying that would be useful information. To be more specific, we could entertain and engage in a discussion to say, okay, perhaps it's time to think about following up one year later.

Right now, we did those audits in 2018, for example. We won't be following up on those until 2021. We will give them 2019 and 2020. Maybe it's time we only give them a year, and we follow up in 2020, and then we follow up for two years.

Do we want to consider - like right now, the 15 audits are going to drop off because we follow those up for two years.

SUZANNE LOHNES-CROFT: That's concerning.

[10:00 a.m.]

MICHAEL PICKUP: Right, so maybe we follow up on them for another year. All of those things, from an audit perspective, are very simple to do technically and very simple to do approach-wise. These are not complicated things. The only variable is that it will take a little bit more money to our budget - I'm guessing probably an extra \$70,000 or \$80,000 - to be able to do this because we'll then be auditing the responses, and we'll be doing something different. There would be a resource investment, but from what I'm hearing, this is some of the most feedback we have received from you folks in terms of useful information.

I think I'm going to call it a suggestion or feedback. I'll take it away as a very serious look to engage in some discussions internally on follow-up with the people that we audit, who I guess don't really have a choice of how often we follow up. We're reporting to the Legislature, not to them. Then we would look at looping in perhaps with the House committee that approves our budget, to make the case that this may be a useful investment to expand how we do follow-up reporting.

SUZANNE LOHNES-CROFT: Another question - we are a legislative committee, and we know how important language is to writing law and policy. I notice you use "should" in your recommendations, and "should" to me is like giving a child a command and then saying okay afterwards. It leaves an open space to not follow your direction. I'm just wondering, are you bound by your position to use "should" in your recommendations? Is that something we could tighten up in the framing of words when you make a recommendation?

MICHAEL PICKUP: I think the "should" is generally what auditors will use in making recommendations. I think it also reflects the fact that I don't make anybody do a recommendation. I make a recommendation and if the organizations we audit decide to do nothing with any of the recommendations we audit, the only folks who can play a role in that are the people in the Legislature, who hold the government accountable once we tell them that. I think "should" reflects strong language to say we don't just believe you should do something, we think you should do something. Ultimately, these are management decisions, and the Auditor General doesn't make somebody do something.

SUZANNE LOHNES-CROFT: I wanted to ask a question about early childhood care. I'm just wondering if there was any kind of inspections of the family homes. There are a large number in the metropolitan area, but it's more common for a source of child care in rural Nova Scotia because we don't have as many large daycares that you can enrol your child in. I'm just wondering, could there be a rural component to why they're not getting inspected as often? And also, people even having the knowledge to apply for a subsidy?

MICHAEL PICKUP: I think that would be a question in terms of whether that was relevant, in terms of why something wasn't done initially that generated the recommendation, or whether that is tied into implementation of the recommendation and maybe an impediment or more timely completion of the recommendation would probably be incumbent upon the department to provide that response. I don't know the answer.

SUZANNE LOHNES-CROFT: Then there was a little thing on the inspection information reported by family home daycare agencies. So the agencies - I'm wondering, is that like a company that oversees child care? I understand that's how some are being operated now, some of the family daycares are now being operated by an agency that overlooks a number of family home...

MICHAEL PICKUP: I'm not certain on the details of the agency relationship, so I better be careful.

SUZANNE LOHNES-CROFT: I think they are sort of like contracted out by the department to oversee. Okay, that's something I can check out...

MICHAEL PICKUP: Yes, my memory is pretty good but the details over the 19 audits are getting a bit lighter.

SUZANNE LOHNES-CROFT: Right, okay. There was a little question around working together. I noticed a lot of these departments or entities overlap. I think that you have here under the residential care, you have the IWK, the Nova Scotia Health Authority, and the Department of Health and Wellness working together. I think some of these, like aquaculture, they'd have to work with the Department of Environment because they do the inspections, right?

Is there any issue around getting these entities together and working together as part of not completing some of the recommendations?

MICHAEL PICKUP: I think if that would be part of the story to the impediment, if you will, of why a recommendation is not complete or a reason that something is lagging behind a bit - again, that would be part of what would fall under that bucket of why this may not be done yet and is that valid, or not valid, and equipping you with enough information to judge that, which I realize is difficult for you to do today. I wouldn't have that analysis as to why this may not be done and if that was a component, so I can't say it is or isn't valid, I'm not sure.

SUZANNE LOHNES-CROFT: Ok, thank you. I'll pass it on to my colleague.

THE CHAIR: Mr. MacKay, you have 30 seconds.

HUGH MACKAY: Thirty seconds, well, I'd just like to say that it's wonderful to have you here. I will have some questions perhaps in the next round regarding aquaculture and lands and forestry, particularly as they pertain to beautiful Chester-St. Margaret's.

THE CHAIR: The time has expired for the Liberal caucus. We will move next to the Progressive Conservatives. Mr. Halman.

TIM HALMAN: How much time do I have, Mr. Chair?

THE CHAIR: You have 13 minutes.

TIM HALMAN: Thank you very much. Business continuity management with respect to the Conseil scolaire acadienne provincial in what used to be the Halifax Regional School Board, now the HRCE - could you clarify what you mean by "comprehensive business continuity management programs"? Is that just euphemistic language for a budget? I'm just curious as to what that is and with respect to that being evaluated and tested on a periodic basis?

ADAM HARDING: Yes, in terms of that recommendation, when we say a comprehensive business continuity management program, it would involve things like risk assessments, periodic testing, looking at the broader picture, how does the organization continue to do what they need to do in the event of some type of prolonged service disruption?

In terms of Conseil scolaire acadienne provincial, when we did the original audits, a lot of the documents they provided to us really focused more on the continuation of board activities. It was more at the board level than it was the continuation of activities at the school level. Some of the other documents they had also were focused on communication guidelines, but there really wasn't any discussion when it came to resumption of school operations and should there be a prolonged disruption to the school and it couldn't be used for a while. That was where our recommendation was coming from - the concerns that we had identified.

TIM HALMAN: Thank you for that point of clarification. Moving on to the Department of Lands and Forestry, they completed zero out of the five recommendations given in 2016. Again, in your audit, within your investigation were there any reasons given as to why there is this lack of progress in completion?

ADAM HARDING: To repeat a little bit of what Mr. Pickup has said already today, for the not-complete recommendations, we don't get into the specific reasons as to why an organization hasn't completed the recommendations. Again, in this case we wouldn't be able to provide comment on any specific reason as to why these recommendations weren't done. That would really be the department that could provide that.

MICHAEL PICKUP: I would go back quickly, though, to the original response where most of those recommendations indicated that by October 31, 2016, something would be done.

TIM HALMAN: So none of the recommendations were done and that certainly seems baffling, I believe, to some folks on this committee. In your experience, have you ever seen something like that before with your work where no recommendations were followed through on?

MICHAEL PICKUP: I'm trying to flip through the rolodex of a memory that I might have and it's 30 years of memory now in there. I think when you get to a smaller number of recommendations around something unique, there may be more risk of them being inter-related on something like species at risk.

To answer your question, I'm not necessarily recalling that level of recommendations being not complete on one audit.

Again, I don't want to water down the importance of things being not complete by suggesting they may be so intermingled here, that if you are not doing one or two of these, perhaps you are not doing all of these because they are so related. When you go through their responses, it looks like the one or two or three items they were going to do in the response were going to address all of these; so, if you didn't do those things you were going to do, you're probably not hitting any of these recommendations.

TIM HALMAN: Am I correct in saying you're stating that these issues are so interconnected that almost, as you say, the snowball or domino effect kicks in. If one or two aren't being followed up on, the remainder just sort of collapses?

We've talked a lot with you, Mr. Pickup, about culture within a department. If that's happening - if one or two aren't being followed through on, then naturally the others won't as well - can we attribute that to improper management?

MICHAEL PICKUP: I think that question and the connection of that question to perhaps a basket of other questions are probably ones that you would address to the minister or to the department, to get a flavour of why these things are not happening. I can't indicate whether there are valid or invalid reasons as to why these things aren't done. I think you would have to be the judge of that, getting a response to your specific question, to which I don't have a response for.

TIM HALMAN: With the government allocating less to the Lands and Forestry Department in 2019 than it was forecasted to spend in 2018, given these budget cuts, do you think it will be able to complete the recommendations? Or do you believe the department's current level of resources should be sufficient for them to implement the five recommendations?

MICHAEL PICKUP: I think the folks who make management decisions - management priorities, allocation of the budget, the ability to carry through on these recommendations - are really the ones running the department and they should be answering that.

I will point out, though, that they do say these recommendations continue to be valid and continue to be things that they want to do. Where they fit in on their priority list, and whether you think that's acceptable or not, it's asking the department how they evaluated the answer to those questions, and then letting you be the judge as to whether you think that is acceptable.

[10:15 a.m.]

TIM HALMAN: The Emergency Management Office was recommended to "... develop and execute a strategy for implementing the National Strategy and Action Plan for Critical Infrastructure in the province." By not completing this recommendation, "... there is a risk that the Emergency Management Office is not adequately identifying and mitigating risks to critical infrastructure within the province."

What, specifically, could the consequences be of not having this plan implemented? Could you comment on that, please?

MICHELLE EDMONDS: The Emergency Management Office had signed on to the National Strategy and Action Plan for Critical Infrastructure. What we saw from our original audit was that there was no action plan to implement this strategy. The requirements of the national strategy had not been communicated to other departments who may have critical infrastructure. That's kind of some of the risks that would remain by having this recommendation not completed.

MICHAEL PICKUP: This is one that I would use as an example to say why I don't pick one or two of the audits to say that these are the only ones that are important that are not complete. Even though there are two - one might say only two - recommendations not complete, those are some pretty important items, I think. Again, the whole idea here is we do these audits. We're trying to the extent we can to prevent bad things from happening at some point so that we're not sitting here in four years saying, "Didn't see that coming" or "I wonder if, had that been addressed, could it have prevented A, B, and C?"

I felt very strongly about this audit when we did it, that it was an important audit. Critical infrastructure resiliency for a province like Nova Scotia, surrounded by the ocean, is obviously very important. It's one that I hope does get your attention as legislators, in terms of asking some questions around why this is not done, when it is going to be done, and what risk we're carrying in the short term and medium term until this does get done.

TIM HALMAN: I certainly appreciate your comments. I know we all value and appreciate the fundamental importance of public safety as it pertains to EMO. That's why I'm asking, and certainly I believe there needs to be a sense of urgency with a lot of these recommendations, but specifically EMO.

Were there any plans or timelines from the Emergency Management Office as to when they would try to implement the National Strategy and Action Plan? Was there anything of that nature indicated?

MICHAEL PICKUP: That's one of the ones where there wasn't anything really specific in terms of the timeline. The response at the time was: We agree and we are currently undertaking a review of the framework.

Sitting here today, reading that, I would say that if in 2016 the answer was they're currently undertaking this review, it really begs a serious question as to why that isn't done. Keeping in mind that the recommendation wasn't about thinking about implementing a national strategy. It was about developing and executing a strategy for implementing it, since they had already signed on to it. This wasn't, "You should go away and think about whether you want to sign on." It was, "You signed on to this thing. What are you going to do about it?"

If I'm recalling back in 2016, one of the examples we would have given on this at the time was the Canso Causeway and the importance of considering the critical nature of that and the resiliency of that in terms of what if A, B, C, and D happen?

TIM HALMAN: Your report recommended that the Emergency Management Office compile a list of all critical infrastructure owned by the province and that all hazard-risk assessments are performed on this infrastructure. Has the department made any plans to complete this list? Could you comment on that, please?

MICHAEL PICKUP: I know this is not helpful, but I don't know where they stand with this. I hope - I guess both as the Auditor General and as a Nova Scotian - that that question does get asked to the appropriate folks as to where that does stand.

TIM HALMAN: I'd like to take a few moments and ask some questions related to the Nova Scotia Health Authority. I think most here would agree that health care is one of the most fundamental issues impacting our province today.

In 2016, recommendations were given to the Nova Scotia Health Authority and the Department of Health and Wellness to provide Nova Scotians with information on determining and communicating which services will be delivered in hospital and in other locations, and what level of service to expect in communities across the province.

With our current issues in health care and issues arising from cuts to specific services, does the government and department have any plans on how to clearly communicate what services will be offered in individual hospitals?

THE CHAIR: Mr. Pickup, 45 seconds.

MICHAEL PICKUP: So on this one, I would go back to the response from the two organizations, the department and the Health Authority, who say not yet complete - we're not where we want to be. I think it begs the question, to them: If you're saying you're not complete, where exactly do you want to be and when are you going to get there? So, if this helps generate that discussion, I think, mission accomplished.

THE CHAIR: Thank you. That ends the time for the PC caucus. We will now turn over to NDP and Ms. Roberts.

LISA ROBERTS: I want to start just by briefly saying that I certainly share your concern and the concern that has just been expressed around the critical infrastructure recommendations that have not been complete. Given that we are calling that department back to question the lack of follow-up, and that is one of the topics for our May meeting, I'm not going to ask questions about that. I am going to ask questions about the homes for special care recommendations that are not complete.

I have to say that this experience today is really highlighting for me the value of the follow-up audits. I think this audit was done about two months before I was elected, certainly more than a year before I was on a Public Accounts committee. I am just struck at how relevant these incomplete recommendations are to our practically daily conversations in Question Period and with our constituents.

Particularly, 1.7, this again would have been June 2016, it would have been based on audit work that would have probably started in 2015 and the recommendation that is not complete is:

“The Department of Health and Wellness and the Department of Community Services should complete their planned projects related to future demand for services and establish an ongoing process for monitoring and evaluating long-term sustainability of funding for homes for special care.”

We just saw the Department of Community Services go through a long Human Rights Commission process, at the end of which it was found that the Province of Nova Scotia is violating the human rights of individuals who are waiting for placement in homes for special care, and the government is announcing and re-announcing the opening of the same eight homes - and has been doing so for more than a year now.

So, I find us looking at that audit, which again was before my time, just a little bit, just really, not eye-opening, because the issues are very much at the front of our minds, but sort of alarming and enraging that the recommendation was put so clearly to the government in June 2016 and has not been acted on.

So, around 1.7 there is a recommendation that is for the Department of Health and Wellness related to long-term care planning for sustainability and looking at the population. If I go back to the actual audit, at 1.50 in that audit it says:

“While both Health and Wellness and Community Services have identified the need to plan for future sustainability of services provided through homes for special care, neither department has a process for monitoring and evaluating long-term sustainability. For example, neither department has completed a population analysis to assess future program demand. Health and Wellness’ June 2015 evaluation of its 2006 continuing care strategy produced several recommendations concerning long term care sustainability, including developing client profiles and future demand forecasts. In fall 2015, Health and Wellness began developing a future demand forecast model. While there is no end date for the project, Health and Wellness is collecting the information to develop its 2017 continuing care strategy.”

I’m not the Health and Wellness critic - I’m the critic of eight other departments - so somehow I haven’t been able to keep up on this. Was there a 2017 Continuing Care Strategy and if so, was that done without this work of planning for future demand for long-term care?

MICHAEL PICKUP: I feel this is going to underwhelm you as an answer but I don’t know, literally because once they said not complete, we said that is it. It’s not complete. We’ll provide you with that information and then allow you to ask them why not complete, what’s done, what’s not done, did you do this, did you do that. But you’re right, the Department of Community Services said they would be completed by September 18th and the Department of Health and Wellness said that they make reference to the 2017 Continuing Care Strategy to suggest that this would take care of that recommendation. Why this is not complete, what is involved, I don’t know.

It also may be - and not that I’m trying to 150 per cent make the case in my head, but this might be an example of if you had known this a year ago that it was not complete, if we had followed up 2016 a year earlier - obviously if it’s not done this year, it wasn’t done a year ago. You would have known that a year earlier. That might be useful information. I guess I’m becoming increasingly convinced over the last two hours that we need to give you more independent information to help you do your job.

LISA ROBERTS: Well, I mean, what I'm thinking about is the challenge of this committee, which is to be focused on the administration of government and not to be partisan. But it strikes me that it would be highly politically disadvantageous to this government to actually have this work complete, because so long as there isn't a commitment to actually provide the resources that would be required based on that long-term demand - it would then become even more difficult for the government because we know that, in fact, there have been no long-term care beds built since 2013. The New Democratic Party Government built 1,000 and there have been none since. If that demand for services analysis based on population were done, then it would be all the more difficult to make that choice.

MICHAEL PICKUP: I guess all I can speak to are the recommendations, which gives me some faith in the value and validity of the recommendation is that they didn't tell us this year, go away, we're not going to do that, right. They could have. It was a choice. I mean, if department don't want to do something that we recommend and don't intend to do it, they can just tick a box that says will not implement. Then we would have that discussion with you they're not going to do that, but here they said they're going to do it. We'll be back again next year to follow up again, so I'm of the belief that they think they should do this. I guess that's all I can stick to is that part of this that says they will do this.

LISA ROBERTS: Well like I said, I'm not the Health and Wellness critic but I'll certainly be asking our caucus staff if we have already filed an access to information request to find out is there a draft of this in the department. Again, it strikes me that it would be very difficult to square the results of this analysis knowing what we know right now about the demographics of Nova Scotia, knowing what we know right now about the wait-lists for homes for special care when it comes to the disability community, people with disabilities, knowing what we know about the number of people in alternate level of care beds in hospitals and the impact of that on emergency rooms.

It strikes me that I can anticipate what that analysis would show, not with the specificity that your office was calling for when it made this recommendation. But I know that those numbers are very difficult to square with a political commitment, a political position of not investing in those facilities adequate for our population and where we are. I'd be very curious to know whose call it was to not push forward and get that done for September 2018, because I would certainly have enjoyed reading that report.

Further to that, it also strikes me that this is related to the November 2017 audit which this committee has not had the opportunity to examine and which was related to continuing care. Continuing care and long-term care are obviously quite interconnected and so you will be doing follow up on those continuing care recommendations.

Given what you've seen in terms of the lack of completion of the work on homes for special care, does that influence or inform in any way your work as you do follow up on more recent audits that are sort of thematically related?

[10:30 a.m.]

MICHAEL PICKUP: I think we always consider the inherent risk that a recommendation will be marked as complete when it is not complete, when we start the engagement. Really, that is what the audit risk is here, that something is marked complete when it is not complete. We focus on the ones that indicate complete.

In fairness, because I think it is important and it may seem very procedural, but the organizations that we audit and then follow up - when we go into this and they give us the initial snapshot of here's what we believe, go for it and do your audit work, there are only about a half dozen of these 113 recommendations that changed from a complete status to a not complete status. That tells me that the people in government are taking a really good sit-down to say, we're not just going to take everything as complete and let the auditor figure out and see if we can fool them to say something is complete when it is not. They are doing a good job of calling something not complete when it is not complete.

Having said that, we go into this knowing if there is an area where a lot of recommendations have not been complete, that might increase the risk that more of these will be not complete.

LISA ROBERTS: To be clear, I fully accept that there are great people working within government who, absolutely, would never try to portray something as complete when in fact it's not complete. My gut and my eyes are suggesting to me that, in this case, it is more advantageous to have to leave a recommendation not complete, than to actually have the work done. That would show the impact of the situation we are in. We know that there is an issue with not building long-term care facilities. We know that there is an issue with leaving people in large residential care facilities when they and their family's wish for them to be in small options homes.

We know this and so it strikes me as being more politically convenient to leave it not complete. (Interruption) I'm sorry, one of my colleagues just made a comment that I don't agree with.

Can you speak about the completion rate after two years and just your general impressions of what the trend is in terms of completion rate after two and three-year audits? The audits after three years in this group were at 87 per cent and after two years, they were at 46 per cent.

THE CHAIR: Order please. That concludes the time for the New Democratic Party caucus.

We will now move on to the Liberal caucus.

Mr. MacKay.

HUGH MACKAY: I look forward to expanding on my previous 30 seconds. Before I ask some questions related to species at risk and aquaculture specifically, I'd just like to comment that I very much appreciate the clarification of "should" and "shall" in reports, that the Office of the Auditor General will make recommendations that should be implemented, but ultimately it's the legislative responsibility of the House of Assembly to determine what will go forward, and of course that House of Assembly is elected by the good citizens of Nova Scotia.

Aquaculture - I'd like to go to the June 2015 report, which really looked at issues related to fish diseases and various aspects of fish health. Like so very many of my colleagues here in the Legislature, I represent a coastal community. We often hear talk of the importance of aquaculture coming forward as an economic driver here, part of our ocean advantage. In fact, two companies have recently made major announcements, and in at least one case, and possibly both, have applied for options in establishing aquaculture sites.

This is of concern to me, and I think to coastal MLAs of all Parties. The recommendations or responses back from the Department of Fisheries and Aquaculture indicated that they'd be coming forward with something called Aquatic Animal Health Regulations, which will be phased in, full implementation expected in 18 months. I was wondering if they have provided any update to your office, and secondly, from what date do those 18 months begin?

ADAM HARDING: Thank you very much for the question. In terms of the regulations and the status of that, again, that would be something that we didn't look into because on the not-complete recommendations, we don't delve further into them. I don't know the status of the regulations. The department would be best able to answer where they are and what they are doing in terms of that phase-in.

In terms of the 18 months, that would have been 18 months after they provided their response to that original report, so it would have been about 18 months after June 2015. I believe that would have been around the end of 2017, if my math is correct, but that's just an approximate. Again, the department would be able to provide more information about where they are with that recommendation and their timelines.

HUGH MACKAY: Thank you for that. I'll certainly follow up with the department and try to get a clarification on that as we move toward aquaculture playing a more prominent part of our economic development.

Moving over to the Department of Lands and Forestry, I think the report indicates there was an overall completion rate of 33 per cent from the two audits of November 2015 and June 2016. Something I note in there rings back to the comments made earlier that there are differences between the 2015 recommendations and the 2016 recommendations. I think we saw that 75 per cent of the 2015 recommendations have been implemented,

whereas the 2016 is only zero per cent. I think that certainly harks back to your comments earlier, that there's significant differences between the completions.

On species at risk, one of the things that comes out of that is that one of the first recommendations to establish recovery teams. Some of the recommendations that followed were action by those recovery teams, so I guess it would be understandable that if you haven't established recovery teams, there's not going to be that action.

My understanding is that the minister has recently signed off on these new recovery teams and that action is following on these various things. I'm wondering if I'm correct in understanding, if that's from the June 2016 report, that will be covered in your follow-up reports next year. Also, would it reflect that those particular recommendations have been implemented, if indeed they have, per your audit?

ADAM HARDING: Yes, these recommendations will be included in our follow-up project next year, so we'll looking at the status of these recommendations at that point and if they are assessed as complete by the department at that point, then we would be doing work around those ones to validate that response.

HUGH MACKAY: Okay. Thank you very much for that. Thank you for your responses. Those were the questions I had, and I'll pass over to whatever colleagues I have online here.

THE CHAIR: Mr. Jessome.

BEN JESSOME: Thank you. Mr. Chair, how are we doing for time?

THE CHAIR: You have about seven minutes.

BEN JESSOME: Seven minutes. Cool. Thank you.

These are all performance audits, am I correct in saying that?

MICHAEL PICKUP: You are right. These are only from performance audits.

BEN JESSOME: Okay, thank you. What triggers a performance audit versus a financial audit?

MICHAEL PICKUP: Most of the financial audits are required by statute, by law. For example, the Public Accounts, the government's financial statements have to be audited every year, that's mandatory. On the performance audits, the ability to do performance audits comes from the Auditor General Act, but the heart of your question is: How do we select the audits that we are going to do?

We look at things like the dollar values involved in a program, or the significance of a program. What is something that has to work well, which is different than what is something that is working poorly. If something is very important, like homes for special care, we go into it objectively to say this is an important area, so what should we look at? How would we add value?

We select our audits based on some risk assessments that involve the size of things, the nature of things that are going on - when was the last time we did an audit in that area, and what am I hearing from people? What are Nova Scotians writing me about? The audit that we're going to report in May is Workers' Compensation Board; that is probably the most correspondence I have received, the most requested to do an audit on any single issue since I've been here. That can play a role.

What interests people in the Legislature? Am I hearing a lot from people in the Legislature on certain issues? We did the mental health audit, for example; we did primary care. A lot of that came from you folks and your colleagues who were asking us to do work in that area. What are other Auditors General from across the country looking at? Are there things that they're finding? A number of them have done audits on their equivalent of a liquor corporation; we are now doing an audit on the liquor corporation.

It really is a reflection of all those things, and then we weigh off how much resources do we have. I'll just say we can't audit everything that we want to audit, so we pick those higher risk areas, we go with those.

BEN JESSOME: Thank you. My intention was to try to draw a line relating the completion rates alongside performance audits specifically, in that maybe there's a framework or a little bit of a road map that a department can follow with respect to making improvements because a performance audit has been conducted. I'm not necessarily hearing that that's a straight line.

MICHAEL PICKUP: When we do these performance audits and I report to the Legislature, not to the people that we audit, but clearly the recommendations are aimed at the people we audit. It's very important and it goes back to that "should." We strongly believe that these are recommendations that ought to be followed. In 99.9 per cent of cases, we have complete agreement from the organizations we audit that the recommendations should be done and will add value.

The difference is, and this is why it's up to organizations to answer, it's not the Auditor General's decision whether or not to implement a recommendation. That is, the people running government. That is a management decision and then it's up to you folks to judge whether you think that was good or bad - once I equip you with some information related to that.

[10:45 a.m.]

It's very important to me that I always stress that a decision on implementing a recommendation is not up to the Auditor General. So while I'm giving completion rates and saying this number percentage is implemented, that is a reflection on the people we audit; not on us. We're not the ones with the influence on whether to implement a recommendation or not.

BEN JESSOME: I'm hearing that it's fair to say that there have been improvements made over the past several years with respect to completion rate. Admittedly, there is still room for improvement - the goal of meeting the targets set out by your office has not yet been met but it seems to me that we're trending in a more positive direction.

Could you comment or offer any type of feedback on, I'm speaking kind of generally, with respect to what has been reviewed throughout these audits? Can you comment on whether they were new programs or new initiatives versus something that had been embedded in the department for a period of time?

I guess what I'm trying to get at is, were these new things that were kind of territory unknown and that a level of exploration and start-up was involved in the process?

MICHAEL PICKUP: Thank you for that question. I'll go fast, but it gives me the opportunity to say we are all over the place here. If you look at the audits that we're doing, it's homes for special care, which have been around a while, and we have daycare-type facilities that have been around for a while. But we're also into those areas like species at risk, which may have been our first time doing an audit in that area. Then we've got responsible gambling, which is still relatively new, and then we have things on health care and community services that have been around longer, but in fairness, a lot of issues going on there.

So, we are all over the place in terms of not just looking at things that have been around forever but looking at new things as well. That is by strategic decision. That is by design. We want to be everywhere. We want to be all over the place.

If you look at the May report that we have coming up at the end of May, we're into gender and diversity in the public service and how well that is being managed; we are into Workers' Compensation claims and benefits; and, we are into bridges.

BEN JESSOME: Excuse me, is there any correlation between . . .

THE CHAIR: Order please. That concludes time for questions. I'd like to ask the witness if they'd like to make some final closing remarks.

MICHAEL PICKUP: Thank you so much for the opportunity to talk about follow up. I think as many of the members have explicitly indicated, or implicitly indicated, follow up very much lies at the heart of what we're doing. The importance of making recommendations and doing the audits initially, is only as important to me as the follow-up and on things getting done.

I think a report like this generates a discussion around and allows an opportunity for a discussion around good and bad, in terms of whether recommendations were complete or not complete. In and of itself today as we do this, it doesn't answer those questions. It provides you with direction and an opportunity to ask questions around things that we have audited in the past.

I purposely leave my closing comments not prepared in advance, so I can respond to some of the things that I heard. That is by design. So, if you'll humour me a bit as I make my thoughts live, it is because I'm trying to respond to what I heard today.

One of the things that I heard today is, I think, that it's important for us to go away and to think about - well, to go away I guess would be a start (Laughter) - but to go away and think about how we do our follow-up work, how best to serve the Legislature, and how best to serve the Public Accounts Committee.

You can tell follow-up excites me so you've kind of given me a little bit of a spark to rethink this product a little bit and to think about, and have discussion with the folks in the office - including the people with me today - about perhaps keeping 2015 for next year and seeing if those things got done; keeping 2016 as we will, of course; keeping 2017 as we will, but perhaps it's time to add on 2018 a year earlier. Recognizing that discussion is going to become a little more convoluted in terms of when you're dealing with four years, we'll probably see very different results. But maybe that is serving you better.

The other thing I heard strongly is that probably it's time we think about, rather than just giving complete/not complete, giving a little more in-depth information that would require some audit work as to what the status is if something is not complete. Is it nearly complete? What is the story? What are the reasons that it's not, and doing some audit work around providing that narrative. I think that becomes more manageable as we're down to 32 recommendations that are not complete. We'll take that away.

There's some homework on our end to give some thought to that. I will probably want to move quickly and look at it over the summer, because we will have to know where we want to land on this in fairness to the government and the folks we audit, so that they know where we're heading well before September. They do the cut-off of this reporting system around October, so that we can start our work.

Why am I telling you all of that? I guess it's partially so that if we're going to go down this road, perhaps I will need to reach out to the House Leaders to look at coming

back to committee early, to the House of Assembly Management Commission, which approves our budget, because we wouldn't have funding for doing that expanded work in our 2019-20 budget. We would have to look at a revision, a bump-up. We would have to work on the numbers, but I'm guessing somewhere in the \$75,000 range to do this, if that's what I'm hearing.

If that's not what I'm hearing, if you could put the brakes on me quickly. If that's not something you want, if you can reach out to me by email. Mr. Chair, the overwhelming sense I'm getting is that that is something I should explore. It's something I should probably engage with the House leaders on. But I have no interest in doing that if the committee is going to have the sense that they don't want us to do that.

Those are my closing sentiments on the fly, if you will, so thank you so much. Again, thanks to the people who are here with me today - you can see how seriously they take this; to the 35 people back in the office who are working hard on the May report; and I think it goes without saying, to the organizations we audit. We have strong relationships with the organizations we audit. I'm proud of that. I'm proud of the way people interact, and I want to continue that.

THE CHAIR: Thank you very much, Mr. Pickup, and to your office for the work they do.

We do have some quick committee business to take care of. Everybody has been provided with a record of decision from the April 3rd meeting of the committee. I would ask for a motion to approve that record of decision, but I do believe there's an issue with it. Ms. Roberts.

LISA ROBERTS: Do I need to make a motion to amend this? Members of the subcommittee here have agreed to defer Item 2 until the Fall, so we actually see if we're getting behind. Then if we see that we are getting behind on calling topics, we would try to pursue that then. Maybe a bit of direction with regard to calling topics from the AG. We're not yet behind, so we have agreed to just hold on to that until the Fall.

THE CHAIR: Would all those in favour of that motion please say Aye. Contrary minded, Nay.

The motion is carried.

Mr. Wilson.

GORDON WILSON: Also, just to note, I believe we have had this conversation, the May 8th date for the deputy minister unfortunately won't work. She'll be in China, but there are options out there. I do believe, and I was told, unfortunately it was just last night that we found this out, the May 22nd date I believe is available. If the clerk can schedule

something before that, if we could just leave that open to work that out with the Deputy Minister of Municipal Affairs to find out what would be an appropriate date for that meeting.

THE CHAIR: I'm hearing that if we can get the Deputy Minister of Municipal Affairs for the 22nd or any of the next couple of weeks, we would be open to that meeting to be called at the discretion of the Chair, if the clerk can arrange that. That's what I'm hearing. Okay, thank you very much.

Ms. Leblanc.

SUSAN LEBLANC: I'm wondering if, given the Auditor General's closing comments, we should make a motion that as a Public Accounts Committee we do, for lack of a better word, direct the Auditor General to undertake those investigations with the House Leaders, to see if the budget can be adjusted so that the Auditor General's Office can begin undertaking the work of expanding their mandate around follow-up reports.

GORDON WILSON: I appreciate the comments. I think we've captured a lot of interesting questions here. This wasn't preconceived, this came out of a discussion today. I think it's a little early for me, personally, to go forward with a recommendation from the committee on that. I certainly think the conversation that the AG is going to have, even without us making that suggestion, with the three House Leaders would be appropriate. But without knowing the full impact of budgetary stuff like that I think we've sort of given just by our general questions here that he's going to be asking those questions.

TIM HALMAN: Certainly I think organically the questions evolved to that topic. I think maybe this is something we can all go back to and discuss with our caucus colleagues and then at a future date continue the conversation. Certainly I can see that as well, the nature of the questions that were asked today. You can tell organically that there was that theme that emerged and I'd certainly appreciate the opportunity just to bring that topic back to my colleagues and have that discussion.

SUSAN LEBLANC: I will therefore retract my motion. I just wanted the discussion to happen.

THE CHAIR: So if each caucus would take that recommendation back to their caucus for discussion we'll put it on the agenda for the next meeting.

There being no further business, the meeting is adjourned. Thank you very much.

[The committee adjourned at 10:57 a.m.]