

# **HANSARD**

**NOVA SCOTIA HOUSE OF ASSEMBLY**

**COMMITTEE**

**ON**

**PUBLIC ACCOUNTS**

**Wednesday, June 12, 2019**

**Legislative Chamber**

**May 2019 Report of the Auditor General - Performance**

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## **Public Accounts Committee**

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

[Hon. Gordon Wilson was replaced by Rafah DiCostanzo.]

In Attendance:

Kim Langille  
Legislative Committee Clerk

Gordon Hebb  
Chief Legislative Counsel

### WITNESSES

#### Office of the Auditor General

Michael Pickup,  
Auditor General

Andrew Atherton,  
Assistant Auditor General

Adam Harding,  
Senior Audit Principal

Robert Jewer,  
Audit Principal

Ashley Richardson,  
Audit Principal



House of Assembly  
*Nova Scotia*

**HALIFAX, WEDNESDAY, JUNE 12, 2019**

**STANDING COMMITTEE ON PUBLIC ACCOUNTS**

**9:00 A.M.**

CHAIR  
Eddie Orrell

VICE-CHAIR  
Hon. Gordon Wilson

THE CHAIR: Order, please. We'll call the meeting of the Public Accounts Committee to order. I remind those in attendance today to place your phones on vibrate or silent. We'll ask the committee members to introduce themselves.

[The committee members introduced themselves.]

THE CHAIR: On today's agenda, we have officials from the Office of the Auditor General with us to discuss the May 2019 report. If I could at this time, I ask the witnesses to introduce themselves, please.

[The committee witnesses introduced themselves.]

THE CHAIR: At this moment, you could make your opening remarks, please. Mr. Pickup.

MICHAEL PICKUP: Good morning, and thank you for inviting us here today to answer questions about our May 28, 2019, performance audit report that I tabled with the Nova Scotia Legislature. That report had three separate audits: one on Diversity and Inclusion in the Public Service, one on Selection and Quality Management of Bridge Projects in Central and Western Districts, and one on the Workers' Compensation Board: Claims Management process.

Before outlining some of the key messages from these three audits, I want to express my thanks to the six organizations that we audited. I'm also very pleased to note that they have made commitments to agree upon and act upon all 27 of our recommendations. I also want to express my sincere thanks to the 36 people in my office for their hard work in completing these audits. While I sit before you today as the Auditor General to explain these audits and answer your questions, it is the efforts of my team that make such valuable work possible.

Now I just want to offer a few comments on the three audits before I turn it over for your questions.

First, on diversity and inclusion, our audit of diversity and inclusion involved us looking at whether the government has effectively done what it said it would around promoting diversity and inclusion across the Public Service. We are all, of course, impacted by the Public Service. Given that the government laid out a strategy to achieve this, called *Raising the Bar: A strategy to build diversity and inclusion in the public service*, covering 2014 to 2018, I felt it was important to see how well the government was delivering on what it committed to do.

Our audit showed that yes, the Public Service Commission, along with the three audited departments - Agriculture, Community Services, and Justice - have indeed acted to promote the diversity and inclusiveness of their workforces. Highlights of what has been done include completion of a number of Raising the Bar strategic action items, and both the Public Service Commission and departments have actively promoted diversity and inclusion through various forms, such as departmental committees, policies, and regular communication with staff.

While there were certainly positive findings from our audit, I must stress that overall much work remains to be done for government to achieve its commitment to more effectively promote diversity and inclusion across the Public Service.

Some of the more critical shortcomings of our audit are: half of the 16 items in the government's strategy that we tested were incomplete, and there was no overall evaluation by the Public Service Commission of whether the goals of the strategy have been met. Similarly, none of the three departments we audited had assessed whether their goals on diversity and inclusion were being achieved. This is critical to assessing the effectiveness of actions and initiatives.

Also the PSC has not adequately identified or collected data on diversity and inclusion in the Public Service, nor have they evaluated whether the key policies are followed or are effective. Finally, none of the departments were doing a good job tracking whether their staff were taking the mandatory diversity and employment equity training.

In summary, this audit shows that while the Public Service Commission and the three selected departments have taken steps to promote diversity and inclusion amongst the 11,000 members of the Public Service, more work is needed if government is going to fulfill its plans. Our audit made eight recommendations, all of which have been agreed to.

Now I will turn to the selection and management of bridge projects at the Department of Transportation and Infrastructure Renewal. This audit was important to do, as Nova Scotians count on bridges being safe and available for use, and they expect due regard for spending of limited public funding.

For this audit, we chose the central and western districts, which together hold about half of the Government of Nova Scotia's total bridges. Before I talk about the audit findings, let's refresh the numbers.

There are 4,200 bridges owned by the Government of Nova Scotia across the province. This includes structures used by vehicles, pedestrians, and cyclists, for example. The Government of Nova Scotia estimates it would require \$2.1 billion over the next 10 years to bring these bridges to a desired sustainable condition. That means spending nearly \$210 million per year, when current spending is approximately \$45 million per year in total, to replace, rehabilitate, and maintain the province's bridges.

The department also noted that roughly 600 of the province's bridges are rated as being in poor condition, which could include advanced deterioration or fatigue cracks, and may need replacement or rehabilitation. Likewise, roughly 1,500 of the province's bridges are rated as being in fair condition, which means sound primary structural elements, but may have some level of deterioration. Finally, the remaining half, or 2,100 bridges are rated in good condition, with only minor problems and likely needing only preventive maintenance.

Given the obviously significant difference between the \$45 million actually spent each year and the department's estimate of the \$210 million per year needed, this audit set out to answer the question of whether the department had adequate systems to allow it to select the right bridge projects and whether in fact the work was being completed according to standards. While there are many things that need fixing in how the department manages its bridge projects, I am happy that our audit found that the work carried out on the bridge projects met the standards in place for replacement, rehabilitation, and maintenance work. The department has policies for that work, and they're following them.

However, we did identify four areas of concern, where we noted weaknesses. Firstly, we found that the department's information system is not giving management the necessary information to make decisions on which bridges to replace, repair, and maintain. This is concerning, given that the department operates in an environment where it must make the best use of limited funding that, as noted above, falls short of what they believe they need.

Also, management of the department does not have documented criteria to assist them in ranking and selecting projects. Criteria could include information such as bridge condition, bridge usage, other transportation options, and Nova Scotians' overall reliance on bridges. Without defined selection criteria, it is hard for the department to know if they are picking the right bridges to work on. We also noted that while there is a documented inspection policy, the department does not ensure staff follow the policy. For example, 23 per cent of the bridges we selected as part of our audit that needed an inspection in 2018-19 were found not to have had inspections done on them.

Finally, we noted that warranty inspections were not carried out as required. We found that 75 per cent of the projects we tested did not have a final inspection at the end of the warranty period. This exposes the province to potentially spending more down the road when a warranty claim is missed.

To address the shortcomings in this audit, we made seven recommendations, and the department agreed with all of them and made commitments to address these issues.

Now I will turn to the final audit from the May report. This is the Workers' Compensation Board claims management. Before getting into the results of this audit, I just want to make a few comments about the importance of Workers' Compensation benefits.

In any given year, there could be 24,000 workers' compensation claims and nearly \$220 million paid out to people under the program. In addition to the overall numbers is the sheer stress and anxiety of an injured worker focused on getting better and dealing with their financial and economic situation. All of this makes this a very important program.

In fact, I think it's fair to say that in my five years as Auditor General of Nova Scotia, there is no single issue on which my office has received more calls, emails, and interest from Nova Scotians across the province. To those who have contacted us: While our audit doesn't address individual cases, I hope Nova Scotians will find that this audit report is comprehensive and clear in what it says about how the Workers' Compensation Board is managing workers' claims and appeals. I encourage Nova Scotians to read the full audit report and perhaps look at the summary video.

Now just a few key audit findings to summarize. Firstly, let me say that our audit found that overall, claims and appeals decisions are happening in line with the policies and procedures. What does this mean? It means the decisions in the files were reasonable, consistent with information available, and had sufficient support on file to justify the decisions made by the Workers' Compensation Board. That is an important starting point, given that when I outline what isn't working well, it can be easy to lose that critical conclusion. While we found that the Workers' Compensation Board makes decisions in line with program requirements, there is much work to do to improve how it deals with injured workers in Nova Scotia.

The things that aren't working well at the Workers' Compensation Board, I think, fall under five main categories:

1. The Workers' Compensation Board is not timely in carrying out its work;
2. The Workers' Compensation Board is not consistently providing injured workers with the information they should have;
3. The Workers' Compensation Board is not fully respecting the privacy of the confidential medical information of injured workers;
4. The Workers' Compensation Board is not handling the complaints of injured workers as they should; and
5. The Workers' Compensation Board is not supervising, overseeing, and training caseworkers and staff who handle workers' files as they should be according to their own policy.

Given the serious nature of these five categories of weaknesses, before I conclude, I'll provide a little more detail.

On the issue of not being timely, our audit found that in over half of our tests, the written claims decisions were not done within the WCB's 30-day guideline.

On the issue of not giving injured workers the information they should have, our audit found that in half of our tests, the workers were not given the detailed calculations as to how the benefits were determined.

On the issue of not respecting the medical privacy of injured workers, nearly half of our audit tests in this area showed that the employer received medical information not related to the claim, such as other medications and treatments.

On not handling workers' compensation complaints well, surprisingly, the process to handle complaints was so weak, we couldn't determine if all complaints were even recorded by the Workers' Compensation Board. Most of the critical parts of a strong complaints process were not in place, including adequate record-keeping and appropriate management review. I think much has to change so that workers' complaints are handled well at the Workers' Compensation Board.

Finally, on the Workers' Compensation Board not managing its staff in line with its own policies, we found several significant shortcomings in their practices. For example, lack of required manager review of files, poor tracking of training completion, and incomplete performance reviews of staff.

The Workers' Compensation Board audit report lists many other examples of the above shortcomings. It is clear that the Workers' Compensation Board has some serious work to do to assure injured workers, employers, and all Nova Scotians that they are managing the claims and appeals processing effectively, as all stakeholders should be able to expect of them. We made 12 recommendations, and I am pleased that the Workers' Compensation Board has accepted each of these and has agreed to them with specific and concrete actions to address the recommendations.

In conclusion, I want to thank you for your keen interest in our work, which is meant to promote better government for Nova Scotians. On a personal note, I want to thank the public sector that we audit, the people who I independently report to in the House, and current and former members of the Public Accounts Committee and all Nova Scotians for making my first five years as Auditor General a wonderful experience.

[9:15 a.m.]

In July, I begin the second half of my mandate, my final five years as Auditor General. I look forward to continuing to serve with a team that delivers consistently and makes my job much easier than it would be otherwise. I want to thank all the past and present Office of the Auditor General of Nova Scotia team members. It has been a pleasure.

Now we would be happy to take your questions.

THE CHAIR: Thank you very much, sir. We'll now pass questions over to the PC caucus. Mr. Halman.

TIM HALMAN: Good morning, everyone. Mr. Pickup, thank you for your opening remarks, and thank you to the staff of the Auditor General for the May 2019 audit. My line of questioning will begin with Chapter 2, on infrastructure.

With respect to Chapter 2, it grabs your attention. It raises a lot of red flags in terms of public confidence in our infrastructure. One of the statements from Chapter 2 that grabbed my attention was that the systems do not provide adequate information needed by management to make decisions about what bridges to fix and when to fix them.

I'm of the belief, and I'm sure my colleagues are as well, that Nova Scotians expect the Department of Transportation and Infrastructure Renewal to be able to make informed decisions to put in place decisive action plans to address these bridges. We know there are 4,200 bridges that we have in this province, and 600 have been classified in poor condition. Do you believe government should release the names of those 600 bridges in the name of transparency?

MICHAEL PICKUP: I have a couple of comments on that. I want to stress again that in terms of the classification of bridges as being poor and the descriptor around what

a poor bridge is, that really does come from the department in terms of what that means. One of the things I certainly learned on this audit was that a poor condition bridge does not necessarily mean something that is unsafe or something that we shouldn't use as a pedestrian, a cyclist, or a motorist.

In terms of the level of significance within that category of poor, you have different ratings. Poor doesn't equal poor equals poor; there are different levels of poorness in there. If members think that is something they want to address to the department, in terms of what they want to know about that, I do have to leave that between members and the department.

For us, the audit conclusions around the systems and the significance of the findings were there, and we concluded without necessarily needing to identify the bridges. Of course, that is not to take away from whether or not you want to know which bridges they are. I would leave that to you to pose to the deputy.

TIM HALMAN: Throughout the course of your audit, what did you discover in terms of how the department classifies the term "poor bridges"? What's the criteria that you discovered that's used to come up with that descriptor?

MICHAEL PICKUP: If I could refer you to Appendix 2, on Page 43 of the report, the description that the department uses as something that is a poor bridge is a bridge that may have advanced deterioration or fatigue cracks, and that these bridges commonly need either rehabilitation, which is more maintenance, or in fact need replacement. Within that category, the ratings would be 4 or less. That is the descriptor that we used in Appendix 2, on Page 43. Again, those aren't our words. That's how the department describes them.

TIM HALMAN: Based on that description, in the course of your audit, do you believe it's a logical conclusion that urgent action is required to deal with those 600 bridges classified as poor? It certainly raises red flags. It certainly grabs your attention.

MICHAEL PICKUP: Again, we're trying to make the point on this audit that the audit findings are very important. Determining in the limited resource environment which projects you're going to do, making sure the systems capture the information that you need, that is critical so that you pick the projects that you want to pick.

Having said that, the thing that I was reminded of during this audit was that while intuitively it can seem that poor condition might mean one thing to somebody on the street for example, but to the department poor means something very specific. I think having a discussion around that - I would go back to some of the findings in the audit and saying, for example, where we found in some cases the inspections were not done or, in fact, some of the projects had not been put forward. I think it's much easier to deal with those specifics than it is to deal with a population of 600 bridges and what those 600 bridges mean.

TIM HALMAN: The Department of Transportation and Infrastructure Renewal indicated that it needs \$2.1 billion over the next 10 years to reduce the current bridge infrastructure debt. It's a huge amount of money.

If I understood the report correctly, the department is spending \$45 million a year for upkeep of that infrastructure. In order to achieve that \$2.1 billion over 10 years, that would translate, as you know, to \$210 million a year required to achieve the current rate of replacement and the current rate of maintenance. I'm curious about how long it would take for an audit to be done to verify the accuracy of the department's estimates of \$2.1 billion.

MICHAEL PICKUP: I just want to make sure I clarify the question. In this case, the \$2.1 billion deficit that they put forward that we indicated that we did an audit was for contextual information. It's certainly not the Auditor General's place to suggest how much should be spent. We are dealing with the environment that we have. We didn't attempt to say that \$2.1 billion should be \$1 billion or \$3 billion. We used that as contextual information and that did not impact any conclusion. It was just to contextualize the importance of doing this, given that you're not spending anywhere near what you said you would like to get to a desired, sustained condition. We didn't audit that \$2.1 billion - if I understood the question correctly.

TIM HALMAN: Let me rephrase. If you did an audit on that \$2.1 billion, how long would it take for that audit to be done to verify the accuracy of that \$2.1 billion?

MICHAEL PICKUP: I hate giving one of these "it depends" answers, but I think it really would depend on the quality of the underlying information and what we were trying to do. If we were trying to ensure that an estimate was fully accurate, that it was complete, we would again go back as a starting point to say, where is this information coming from and how reliable are the systems this is coming from? That's partially why we didn't attempt to audit that information - because we didn't use that as an audit conclusion. It was really just contextual information.

It would very much depend on the circumstances that you're in. I don't know enough to know in this case - because we didn't attempt to get there - the quality of the information systems, the calculations. We know that coming up with a number like this could be the result of limited amount of work or it could be very detailed, very extensive work, and that would drive how long it would take to do an audit of that.

TIM HALMAN: In Section 2.5, it states that the department does not have a process to centrally record work completed on bridges, even though the department's information system is capable of recording maintenance history. How long do you think it should take the department to develop and implement a process of centrally recording work completed on bridges?

MICHAEL PICKUP: To go to that point, the infrastructure, if you will, the system is there, so the recommendation that we made is to review your processes and systems and take action to ensure that the information is recorded. I would actually look at the response here and ask, what did the department say? They said they're going to review these processes and systems and they're going to look at potential software upgrades including policies and procedures. They say they will get it done within 24 months. They say they were going to hire a maintenance planner who will prioritize this stuff and that they'll have that up and running within six months.

I think there's two key deliverables there. They indicate they're going to get somebody in in six months and then that person will come in and then some of this other work will be done within the 24 months.

TIM HALMAN: With respect to staff who are only trained to complete a level one inspection, they can create a record indicating that a level two inspection occurred. They can create a record indicating that a level two inspection occurred. Can you explain the difference between a level one and a level two inspection with respect to bridges? What issues arise in terms of the differences between the level one and level two inspections?

ADAM HARDING: In terms of inspections, level one and level two inspections are both visual inspections of the bridge.

A level one inspection is being completed typically by an area manager or an area supervisor within the department. They have received a two and a half hour training session within the department. The inspection itself is really designed as a visual look at the bridge. Once a year, they go out, and they're to look at all the bridges across the province. They're looking for any safety concerns. They're looking for any structural concerns. They're looking at different components of the bridge itself. It's really to identify if any further action needs to be taken. That's a level one inspection. It's very general, visual. I go out, and I look at bridge. It could take an hour or could take two hours, depending on the bridge and where it is.

A level two inspection is a more involved, in-depth visual inspection. They're looking at the same type of components, but they're looking at it in a much more involved way. You might, for example, use an under-bridge inspection vehicle to help see components up close. You may have to close down traffic to be able to access all the components of the bridge to complete your inspection. They can take longer. It could take several hours to a day, or perhaps longer depending on the bridge and where it is.

The level two inspections are also taking place on a different interval. It's usually between two or six years, depending on the road the bridge is on, the type of bridge, and the condition of the bridge. The department has their own policies around that as to how often they will inspect those bridges.

Predominantly, they're both visual inspections to identify any obvious concerns or things that they need to take further action on.

TIM HALMAN: With respect to where management is perhaps having difficulty determining what bridges to fix and when to fix them, in the course of your analysis - is this where the gaps exist, between the level one and level two inspections? How problematic is this in terms of being able to trigger action to be taken to address the structural issues of a bridge?

ADAM HARDING: In terms of the overall audit, I don't know that I can comment on whether the difference between level one and level two led to any specific concerns in terms of the structure of a bridge. Again, we were looking at the inspection process and how that feeds into the quality of a bridge and knowing the condition of the bridge. In terms of whether that led to any particular structural issue, if I understand the question correctly, I wouldn't have any comment that way.

TIM HALMAN: In the course of your analysis, this system that's in place and the level one and level two inspection - what measures of accountability did you discover in terms of the inspections? Who is recording what? Who is putting in data? Are there mechanisms of accountability built into that inspection process?

MICHAEL PICKUP: In response to that and partially in response to your previous question, I want to bring us to Paragraph 2.23 and Paragraph 2.24 because I think they partially address what you're talking about, or maybe more than partially. Here's where we talk about how inspection policies don't define a time frame to complete a follow-up inspection if there are issues during a level one inspection or when a level two verification requires a new level two. We indicate that without those established and monitored time frames, there is a risk that inspectors will not identify and correct the issues. I think that goes to the importance of monitoring and doing something with both level one and level two.

The other part of that, in Paragraph 2.24, is that the department doesn't have a monitoring process in place. This is where accountability comes in. To me, accountability relates to - you need to monitor to hold people accountable. The first step of that would be having a monitoring process in place over the data. That would deal with, for example, as we noted, there are errors and various levels of information. I hope that helps give context to your question.

TIM HALMAN: It was noted that 28 bridges of the 2,100 were determined to be ones that should be removed from the information system because either the bridge was closed, or the structure didn't meet the department's definition of a bridge.

Is it your impression that these structures were counted when the department made its \$2.1 billion estimate for its 10-year forecast?

[9:30 a.m.]

ADAM HARDING: We wouldn't have looked specifically at what bridges were included in the department's \$2.1 billion estimate. We don't have that, but my understanding is they used the information from their information system. From that, I would presume that those bridges would have been included since they were in the information system and that formed part of what they would have used when they did that analysis.

TIM HALMAN: The report mentions six bridges which were either municipal bridges or bridges owned by other parties - the issue being that it was not clear as to who the owners were and the unfortunate result could be in which neither party is inspecting these bridges to ensure that they are safe for public use. The fear, of course, is the diffusion of responsibility. Where were these bridges located - those six bridges where you weren't sure who was responsible?

ADAM HARDING: Those six bridges were all located in the western district. I don't have the specific location for each of them, but they were all within that one district.

TIM HALMAN: In the course of your analysis, could your office figure out who the owners were before the report was finished?

ADAM HARDING: We did not go that step to determine who was responsible for those particular bridges. Again, some of these bridges would be either owned by municipalities or private parties and would be a matter of what agreements were in place - whether historically when they were created, so we didn't get into who was responsible for that or try to determine ourselves.

TIM HALMAN: Did the department make any promises to figure out the details of ownership for these bridges?

ADAM HARDING: Just quickly re-reading their response to that recommendation - I believe we didn't specifically ask them for an action in regard to those bridges, but once the issue was identified to them that it was unclear on these bridges, my understanding was that they were going to continue to look at who was responsible for those structures.

MICHAEL PICKUP: Maybe in fairness to the department, that would be a question if you do have the deputy minister here at some point to find out what happened because it was also the time of the audit, but a lot of time has gone by after that that perhaps something was done.

TIM HALMAN: With respect to that, I'm curious - did the department provide any excuse or rationale for taking so long in finding out the details of ownership? Was there any explanation given?

ADAM HARDING: Not necessarily specific to these six bridges, but in general when we were discussing and clearing the report with the department, they had mentioned that there are a number of bridges - whether being municipal - that the ownership historically had been with municipalities and had transitioned to the department or vice versa, and that as part of that, there were some bridges where the ownership of them wasn't as clear in terms of the agreements that had been signed and the historic records that had been signed as to where those currently sit.

Some of that is - I don't want to say a negotiation, but they have to revisit the particular bridge and the particular agreements that were signed or in place historically to see where this one falls. Some of these bridges are on transportation rights of way where they may nor may not be responsible for maintenance and inspection or the municipality may be depending on that current ownership.

It wasn't specific to these six bridges, but in general a lot of it was historically what was once the responsibility of one party shifted to somebody else, and what responsibilities still remain with them.

TIM HALMAN: Within the scope of your professional judgment, how concerned should the public or the Department of Transportation and Infrastructure Renewal be with respect to bridges not being properly inspected due to unclear ownership?

MICHAEL PICKUP: I would put that finding under the same bucket as all of the findings in this audit, and all of the recommendations in this audit that they are all important to do to ensure you have the information, you're using the information and you're making the best use of limited public funding that you can. I think all of these are important and the responses to the recommendations, I believe, reflect that because a lot of the responses are around a six-month window. A number of them are around a 12- to 24-month window. They don't indicate that they're going to take years to respond, which I hope is a reflection of the value and importance of the recommendations and the findings to the department.

THE CHAIR: That concludes the time for the PC caucus. We'll now move to the NDP caucus. Ms. Roberts.

LISA ROBERTS: I'm going to start with the first chapter in this audit report, related to equity and diversity in the Public Service of Nova Scotia. I'll say that it's certainly concerning that when you tested 16 strategic actions, the finding was that eight of them were incomplete. Those were strategic actions that were decided on, if I understand correctly, in 2014.

I was just looking through the strategic actions that the Public Service set for itself. For an example, in order to equitably represent the public we serve at all levels of the workforce, there was a strategic action item to develop and implement a diversity recruitment strategy to support recruitment of under-represented groups. The Auditor

General tested that and found that it was incomplete. Another strategic action was to increase participation of under-represented groups on hiring panels. That was tested, and it was found to be incomplete.

If you tested all 32, I'm very curious to know which of those are complete. Obviously, that's work that has to be committed to and be done continuously, but it is concerning that so many of those strategic actions - having been decided on - were not pursued.

In the report, you note that implementation and evaluation plans were developed by the Public Service Commission with an external consultant during the process of developing the diversity and inclusion strategy; however, the Public Service Commission did not use the implementation or evaluation plans. In the course of your work, was there any rationale provided for why the implementation and evaluation plans were developed but not actually used?

ROBERT JEWER: I really think that's a better question for the Public Service Commission when they're here. It's not something we focused on, whether or not they were in place, whether or not they were used, and didn't really dig into the reason why.

LISA ROBERTS: In the response to the audit, did the Public Service Commission offer any assurances that this will be corrected for the new strategy that is currently in development?

MICHAEL PICKUP: I did just want to say, part of why we did this audit now is because the strategy was a 2014-18 strategy, so we thought enough time had gone by that it made sense to do this. Also, we want to be useful, and I think besides giving assurance to the House on the things that were done, it was a good opportunity to provide an audit result to the Public Service Commission.

In their response, in their overall additional comments on Page 22 of the report, they indicate that they are going to use this report as they develop the new diversity and inclusion strategy and as they revise some of their key policies as well. Beyond that, in terms of specifics, as to how some of this is going to roll out and what they're going to do with it - as Mr. Jewer said, it's probably better off for the Public Service Commissioner.

LISA ROBERTS: The Auditor General's Office found that the Public Service Commission does not have an adequate process to identify and collect diversity and inclusion data. Can you provide some examples of the type of data that is needed and not currently collected and kept track of?

ROBERT JEWER: Our recommendation there was really focusing on that it's up to the PSC to figure out what data they need. I don't think we're in the best position to actually tell them what they should be getting.

I think one example is - one of the strategic actions that wasn't complete was increased participation in under-represented groups on diverse hiring panels. I think that's an example of something that you can't really assess whether or not you've completed that, unless you've captured data on how frequently these hiring panels are being used. In terms of more detail and more specific types of things they should be getting, I really think that's a better question for the Public Service Commission.

LISA ROBERTS: I know that in addition to looking at the Public Service Commission, you also looked at three separate departments. Just so I'm clear, when a strategic action was found to be incomplete, what does that mean across those three departments in addition to the Public Service Commission?

ROBERT JEWER: The strategic actions were really things that the PSC had the lead on. I guess if you look at it from the perspective of - the Public Service Commission is the lead human resources agency for the province for rolling out policies. There could be some implication of if things aren't put in place, departments may not have those resources, but again, it's not something that we saw any direct implication and PSC not doing this, in term of the work or the things that were going on in the department.

LISA ROBERTS: In the case of other strategic actions, is it possible that in one particular department, there was some extra initiative taken but that's not necessarily captured or coordinated by the PSC?

ROBERT JEWER: I would say that's a fair comment. The PSC definitely takes a lead on these things, but departments still have flexibility to take on things that they want to pursue or things they feel appropriate.

MICHAEL PICKUP: I'm just going to give a quick comment. In Paragraph 1.36, for example, we tried to give some specific examples of some of the things that the departments are doing - communication, as an example. We did look at things that the department was, in fact, doing beyond the things that were in the strategy and that may have been the role of PSC. That is why we included three departments in this, because it's very much the departments that are leading folks.

LISA ROBERTS: One of the reporting tools the government does have for collecting data is the How's Work Going? annual employee survey. In the report from 2017, employees were asked to respond to the statement, "I am treated respectfully at work."

Responses show that between 2015 and 2017, the results on that question in the Department of Community Services, the Department of Justice, the Department of Agriculture, and the Public Service Commission got worse. Employees in all these groups were less likely to say that they were treated respectfully at work in 2017 than they were in 2015.

Based on your review, do you have any thoughts on why the government would be doing worse on that measure - why the trend would be going in the wrong direction?

ROBERT JEWER: No, and again I'm sorry if I sound like I'm passing things off to the individual departments. I think that's really something, when those results come out, that you'd really have to ask the departments as to what may be contributing to the decline in those results.

MICHAEL PICKUP: I just want to add something quickly. You're referring to the publicly available departmental individual disaggregated information that is available. To be completely transparent, that is something that informed our thought processes on why we wanted to do this audit as well is reading some of these things. Not that we made a direct correlation between that and this, but it does inform us from an inherent risk perspective on the environment that we face, so we are aware of that.

LISA ROBERTS: I wonder, Mr. Pickup, I'm always aware of the mandate of this committee, which is to examine the expenditure of public dollars and whether we're getting value for money for the work that we undertake. As a - I'm no longer that new, but still a newer politician, one of the things that I have been struck by is the number of times that I hear about reports or strategies that have been developed.

In this case, we know that an external consultant was engaged to work with public servants. Then it seems that we often don't get the value for money because somehow the political energy or the political commitment - or it's not political but somehow within the Public Service doesn't stick with the project through the implementation. Here's a strategy that was developed in 2014, yet in 2018, we see that half of the actions weren't complete, according to the ones that you tested.

Is that of concern to you as an Auditor General, given the expenditure of public dollars but also, if you could calculate it, the time of public servants that went into this and of which we haven't seen the results?

[9:45 a.m.]

MICHAEL PICKUP: Part of why we picked this audit - and if you look at this report, we're looking at bridges, we're looking at Workers' Compensation, and we're looking at diversity and inclusion - is because to me, this area as an audit is as important as any of those other areas that we audit. That is partially why we included it. Partially why we included it is if the government didn't have any policies here, if it didn't have a strategy, if it didn't have an approach, there wouldn't be much to audit.

The fact is the government laid out a very extensive plan, a very extensive strategy, which very much lends itself to audit. Having said that, I think I have been fairly clear in balanced, fair reporting to say, there's a lot left to do, but however you did do some things.

It's up for individuals, I think, to judge. Is doing half of the items we tested reasonable or not reasonable? What we have said is that at the end of the day, you didn't do half of what you said you were going to do, and you didn't do a lot of other things, recognizing that you did a number of these things over here. We're trying to be very clear to the audit purpose, clear to the audit objectives.

Yes, it is concerning. Is it as important as anything else in terms of the expenditure of public resources? You refer to managing 11,000 public servants here, but I would also suggest that part of the importance of doing this is, in the government's own strategy, as these 11,000 public servants deliver services to Nova Scotians, Nova Scotians want a Public Service that is diverse and inclusive and reflects them as well. This is not just inside baseball and internal to government. This is very much impacting, and that is partially why we selected this audit.

LISA ROBERTS: I appreciate those comments. I am going to move to bridges, perhaps for the rest of my time.

I was struck at the gap between what is currently budgeted and spent on replacing and rehabilitating bridges and what the department itself estimates would be required to get all of the bridges to a desired and sustainable condition. The department spends approximately \$32 million annually to replace and rehabilitate, as well as \$13 million to maintain. Yet in January 2019, the department estimated that \$210 million per year is needed on an annual basis over the next 10 years to get the bridges to a desired and sustainable condition.

Just give me a sense of whether that is remarkable to you. To me it's remarkable. If I knew that I was operating at an annual deficit of what I needed to spend on maintaining my home or my car, that would be alarming to me. Should that be alarming to us as Nova Scotians?

MICHAEL PICKUP: Why we put that contextual information in there is again to stress the importance of - in a world of limited resources where you have to choose what you are doing, then your key processes have to work so that you are making well-informed choices; you're making the decisions that you know you want to make. That was the importance of the contextual information.

The numbers themselves don't tell a story beyond - what does that mean? What does that difference between \$210 million and \$45 million mean in terms of impacts, in terms of risk management? That is a fairly in-depth discussion that you probably want to put to the deputy minister. Again, I thought it was important contextual information, including on the number of bridges.

LISA ROBERTS: In the Legislature, I feel like there are a couple of bridges that I want to actually travel over. I keep hearing about the Seal Island Bridge, for example, in

Isle Madame because it comes up so often in Question Period. That's one of the bridges that was not maintained and is now maybe being replaced.

There are real impacts for Nova Scotians when a bridge is allowed to deteriorate to a condition that it needs to be closed for a period of time. We hear of circumstances in the Legislature where a bridge is closed and it's not because it's being replaced at that moment. It's not just for a replacement period - it's because of a period where it is not safe to travel, and we have ambulances and other emergency services having to take extensive and lengthy detours.

When questions raised around particular bridges are presented in the House, often the response from the minister is a reference to how Nova Scotia has a very extensive road network, that this is also part of the context for this challenge. I grew up in Newfoundland. There's only ever one way to get anywhere. We put in roads so late that there's only ever one road that will get you to any particular place; whereas in Nova Scotia, there is actually quite a grid. I've driven on some roads where I'm on pavement and I'm straddling the yellow line and both of my tires are on the edge of the crumbling asphalt on either side, and that's part of our 200- and 300-series highways.

I'm wondering, in the context of this audit, do you have a sense of whether we are balancing accurately the demands on maintaining a road network, which was built out and which actually connects communities, continuing to invest in new elements to a road network, which are more so the 100-series highways? Are we doing the right balance of adding to our assets and actually maintaining our current road network?

MICHAEL PICKUP: The short part of that answer is that I think that is a question better posed to the department. The longer add-on to that answer - I do very much want to refer you to Paragraphs 2.10 and 2.11 on Page 33. Given the situation we have in terms of the funding, it is what the funding is and that is the world that we're auditing on. We note the management didn't have documented criteria to rank and assess projects, including some of the things you're referring to: bridge condition, traffic volume, travel time to the nearest detour, whether the bridge is on a main route for emergency vehicles. We conclude that without those criteria, it is impossible to assess decisions made and creates a risk - they may not identify bridges with the highest priorities.

I don't want us to lose that point because no matter what the split is between capital and maintenance - no matter what that split is - those two points are critical, whether you're spending \$35 million or some other number, that you're doing those things.

THE CHAIR: Ms. Roberts - 30 seconds.

LISA ROBERTS: I had a question in my mind, and the 30 seconds completely drove it out of my mind. Sorry. I'm going to pass on to the Liberals.

THE CHAIR: We'll pass it on to the Liberal caucus. Ms. Lohnes-Croft.

SUZANNE LOHNES-CROFT: Good morning. Congratulations on your halfway point of being Auditor General here in Nova Scotia. I have enjoyed the videos that you do. They're good starting points for us as MLAs, but I think it's more important that they're very friendly for our taxpayers and citizens in Nova Scotia to make them more aware; it's in easy language and whatnot.

Maybe we can do a video sometime on a day in the life of an auditor, because sometimes I'm really curious about how you actually go in and do an audit. I'm sure with every department, it has to be done differently because of the settings and whatnot.

I'll talk about Chapter 1, and the mandatory diversity training. Can you explain more about how this mandatory training takes place in the Public Service?

ROBERT JEWER: It's a classroom-based session delivered by facilitators from the Public Service Commission. I think there's a group of training courses that pretty much whenever someone starts within the Public Service, everyone is required to take. Diversity and employment equity is included as one of those.

SUZANNE LOHNES-CROFT: Does it take place over a period of time, so many sessions in a month or whatnot? Is it a one-day-and-done training?

ROBERT JEWER: It is a one-day session.

SUZANNE LOHNES-CROFT: Would there be follow-up sessions?

ROBERT JEWER: That is one of the points we make in the report, that it's a little bit unclear as to whether or not that training needs to be repeated at regular intervals. I believe we mentioned that the employment equity policy, which outlines the requirement for people to complete this training, is silent on that. The guidelines that accompany the policy suggest that it be completed every three to five years.

Depending on some of the individuals we spoke to, I think there were some mixed views as to whether or not - actually, generally, I think most people indicated it didn't need to be completed. That was one of our findings. I'll point to one of the recommendations, Recommendation 1.6. We include a comment there, "Policy guidance should also be developed and include timeframes for when training should be completed and whether it needs to be retaken at regular intervals."

SUZANNE LOHNES-CROFT: How much of that included inclusive language?

ROBERT JEWER: I can't really comment on that. We didn't look at the makeup of the training to see if it did include inclusive language.

SUZANNE LOHNES-CROFT: Do their policies include inclusive language?

ROBERT JEWER: Again, that's not something we looked at.

SUZANNE LOHNES-CROFT: I just find that interesting because language is something that we use every day. Language is very powerful and very much determines people's inner views of gender equality. I hear "you guys" a lot, even by people in government a lot. There are colloquialisms that we use in our everyday language that without diversity and inclusive language training, people continue to use that language. It has to be practised on a daily basis, as the writing has to be practised on a daily basis, to really ingrain it because people have lived their lives using certain language that today is not always acceptable, especially in the workplace.

Were you able to sit on any training sessions?

[10:00 a.m.]

MICHAEL PICKUP: I don't want to let too many points go before I jump in and respond, if that's okay - just a couple of things.

If you have a chance to get the Public Service Commissioner here and those are things that interest you, perhaps an advance note to her indicating you would like a little bit of information on these types of things. I'm sure she would be able to provide that either in advance or when she comes.

Secondly, on your point on the videos, thank you so much for your feedback. We appreciate that feedback. We're here to serve the House, so anything we can do to help MLAs serve, we appreciate.

Thirdly, on the issue of the training, something like over 90 per cent of our folks have already taken the training. The last four people are on a wait-list. We did it together. I went with most of the staff, and we did the full-day training together. There are incremental benefits to that. It's not only the training that you're taking and the discussions and the breakout sessions that you're having, but it's also learning about each other and the collegiality. We have taken that. I know, just having been in on that, that those courses do address some of the issues.

I think for a more fulsome answer, rather than me trying to pick parts of it and reflect back on when I took it, it's probably a question to the Public Service Commissioner. I also think that's probably a worthwhile question if you have a chance to have the deputy ministers in here from the department. How are they tracking those courses? Are they taking them? Are they ensuring that their staff are taking them as well?

SUZANNE LOHNES-CROFT: Thank you for that information. I want to talk about Chapter 2. You refer to the TIR information system not giving management the necessary information to make decisions. Can you expand on that?

ADAM HARDING: In terms of the information system, some of the items that are included that we reference in the report here would be things like information about the bridge. Length of detour, for example, would be information that may help management make decisions when it comes to the condition of a bridge and which bridges to replace. Other examples are the condition of the bridge - they do have the inspection information within that system, but that's just an element when you're considering whether to do X bridge or whether to do Y bridge. Some of the other information would be traffic volume as well.

MICHAEL PICKUP: If can just add, of course, I'm not out there with the audit team, and they know much more of the details than me, but I'm fairly involved. One of the things that struck me when we started talking about the audit findings, if I bring you to Paragraph 2.6, and the last couple of sentences, it was a bit of an "a-ha" moment when we talked about that, when the team told me that when they reviewed inspection files it was difficult to determine which repairs related to which deficiency or the action the department took to address a deficiency. How can that not be happening? I think those are some pretty striking examples of some of the deficiencies.

SUZANNE LOHNES-CROFT: We have the TIR call centre for road conditions, which also includes bridges. Did you look at the stats coming from that centre to determine how public reporting - a lot of the information I get comes from the public. I get constituents who call me and talk about many of the road conditions, especially bridges, in their area. That's how I become informed. This is a way for the department to become informed. Did you check that means of communication?

MICHAEL PICKUP: The short answer to that is no. Mr. Harding will correct me, but I'm pretty sure it's no. The equally important aspect of that answer is that is something that could potentially be criteria. If we go to Paragraph 2.10 and Paragraph 2.11, for example, we say, when you're looking at which projects to do and how you determine where you're going to spend your limited amount of money, you need to have criteria in place, and criteria could include bridge condition, traffic volume, and travel time.

The department could respond to this for you. Perhaps one way to inform those types of things is call centre information, as an example. I think a first step rather than gathering all the information is to have the criteria in place to know what you want to look at to make those decisions.

SUZANNE LOHNES-CROFT: They are keeping statistics on volume of calls, where the incidents are, and the response time too. That's all part of that. I think it would be a good place to check, because a lot of our information does come from the public.

It came up earlier, the bridges that weren't identified. I can tell you in my area, subdivisions are often privately owned. Those bridges are the responsibility of the owners. Also, many belong to municipalities, and it's their responsibility to maintain bridges, as is road maintenance, and the winter and summer maintenance programs. There is a lot of confusion over that. Although when people buy, they are told that there are covenants that include that. A lot of bridges don't get reported, their maintenance, until they're at a point of needing so many repairs, and then when the homeowners are all asked to chip in, it becomes an issue. Sometimes the people want the province to make the repairs when it's actually privately owned. I've come across that many times in my work.

Also, Chapter 3, you mentioned that workers' compensation calls are the most frequent calls to your office. I'm just wondering, are there jurisdictions in the province that more of your complaints come from?

MICHAEL PICKUP: I wouldn't categorize them necessarily as complaints. I would call them people expressing interest with us, encouraging us to look at things, sharing their stories with us. I couldn't give you a complete geographic breakdown because what was most important for us was the extraction of the issues from any of the correspondence or calls that we receive rather than where it was coming from. We didn't necessarily say, well, we're getting this many from this part of the province and this many from this part. We looked at whether most of the inquiries are related to timing or related to completeness of information. What are they actually related to? It was more issue driven than geographic.

SUZANNE LOHNES-CROFT: Are you finding there are particular areas where the delays fall in certain cases?

MICHAEL PICKUP: What we reported here is, for example, the claim decision. The Workers' Compensation Board wants to give the claim decision within 30 days. Half of what we tested didn't get out within the 30 days.

SUZANNE LOHNES-CROFT: That seems to be the biggest issue that you have heard, the timing of the decision, the delay in decision making?

MICHAEL PICKUP: That was an audit finding. All of the calls we get, information we receive, that is just one thing that informs us. That helps inform us from the initial stage to say, okay, let's look at a few other things here. Is this important to audit? Once we decide to do an audit, like at the Workers' Compensation Board, then we go in and see what types of things we should look at. That may include things that we receive phone calls on. That may include other things, as well, that we identify as important.

For example, we did the Workers' Compensation Board audit, Phase 1, which we reported some time ago. That looked at the sustainability of the fund and at the financial condition of the fund. Frankly, we didn't get a lot of phone calls or inquiries about the

financial condition, the position, of the fund. We as an office decided that was something very important to look at, and that was why we did that in Phase 1. We're not limited to the inquiries that we get, but certainly they help inform us on whether to do an audit.

SUZANNE LOHNES-CROFT: I'll pass it on to my colleague, the member for Clayton Park West.

THE CHAIR: Ms. DiCostanzo.

RAFAH DICOSTANZO: I'm finding this really very interesting. In regard to Chapter 1, I'm looking at the way, when you go into test, you have a standard that the government has put for itself, the standard that they're trying to achieve. Do you also look at where they are compared to other provinces and how we compare?

I know Nova Scotia, with regard to immigration, we've been behind. In the last five to seven years we've had a huge influx. Are we comparing ourselves just in inclusion with what was standard 10 to 15 years ago or what is the standard right now? How did you put a level - the baseline and where you're working from?

MICHAEL PICKUP: Often on audits, the question will come up of how other jurisdictions are doing - is there benchmarking occurring, how are we doing compared to others. Those types of discussions come up in diversity and inclusion. They also come up on other areas.

I think what's important is that we look at the strategy and 32 action items. If there had been significant action items around, for example, benchmarking, trend analysis, doing comparisons, best practices, going to other jurisdictions to see what worked well and what didn't - that would likely be something we would then look at because it was a key part of the strategy. Here it wasn't part of the strategy and wasn't something that we therefore picked when we selected half of the items.

It's not something that we would look at because, again, from an audit perspective, what we're trying to do here is say, did you achieve what you committed to do? Did you achieve the strategy that you put in place versus trying to identify, for example, what the strategy ought to be, which is really the business of government.

RAFAH DICOSTANZO: I also wonder sometimes how the departments come up with these strategies. Is that something that you need to audit or not? Are you happy in general with the strategy as a benchmark for a starting point?

MICHAEL PICKUP: We wouldn't comment on the strategy itself. As a starting point we say, this is what the government has intended to do - did you do what you intended to do? So it's very much about that.

Having said that, on an audit if we were looking at key systems and practices on an audit, for example - something separate from this - let's say, if it was a Crown corporation, an ABC where strategic planning, setting a strategy was very important. So you were going into a new line of business, for example, where appropriate planning as a system and practice would be critical, then that is something we might look at - versus a decision, for example, to enter into a certain line of business, which very much may be a policy decision or a political decision that would not fall under the domain of the auditor.

RAFAH DICOSTANZO: I have another question in Chapter 3. The decisions for appeals or the appeals received in compensation - what were the majority of them, the reasons for them? Were they denial of financial benefit? What kinds of reasons for the appeals that were received?

ASHLEY RICHARDSON: What types of appeals they're receiving?

RAFAH DICOSTANZO: That's right - the majority of them. Are they denial? The value, is it the amount of money that they're receiving is not satisfactory to the applicant - how many appeals in general - how we are doing with the appeal situation?

ASHLEY RICHARDSON: In terms of the total number of appeals, we did note that in the report.

MICHAEL PICKUP: Paragraph 3.26.

ASHLEY RICHARDSON: In 2016, there was 1,450, and in 2017, 1,418. I don't have the exact breakdown in terms of the type of appeal, but we did definitely see a variety. A lot of the appeals that are going through are an appeal to a specific part of the decision. In a lot of instances, they might have received a benefit, so their claim was approved. But as you mentioned, perhaps they didn't get the amount of benefits so they're appealing the calculation of their income - how that came through.

That kind of comes through in some of our earlier recommendations that we're talking about as well in terms of - if people are waiting if they don't receive that detailed calculation of their benefit, then it's difficult for them to assess themselves. That could actually result in an appeal just because you don't have the information to even process and understand how it got to that point.

Overall, I don't necessarily have the breakdown. It was definitely varied. It was varied from appealing the amount and appealing the overall decision for denial - definitely a mix.

THE CHAIR: That ends your time for questioning. We'll now move back to the PC caucus. Mr. Halman, you have nine minutes.

[10:15 a.m.]

TIM HALMAN: Let's return to Chapter 2. In the chart above Section 2.18 on Page 35, we can see in 2016-17, there were 24 bridges in question. In 2017-18, there were 30. There were also 30 for 2018-19. I'm curious as to why only 2017-18 achieved a 100 per cent completion rate and the other two failed to do so. In the course of your investigation, what was the department's reason for this?

ADAM HARDING: In terms of the reason as to why they didn't complete the inspection, we weren't given a clear reason as to why it wasn't done. We were looking to see if the inspection had been completed. These are the results based on that testing. It wasn't done because of resourcing. There was no clear reason as to why it wasn't done. It just wasn't completed.

TIM HALMAN: I'm curious in terms of the scope of your investigation with audits. When statements like that are given to your office - generally do you do a follow-up question to try to determine the reasoning of why there's gaps? I realize this is a very general question. I take it you do follow-up questions to try to determine reasoning. Am I correct in saying that?

MICHAEL PICKUP: We have a fancy term for that in the world of audit, root cause analysis. We try to do root cause analysis, and the example I would give you is if somebody went over budget. The easy answer is that they went over budget. The root cause might have been that the wrong people were developing the budget. We do look for root cause analysis.

I would refer you to - in this case for example, I know it gets tiring for the "ask the department" answer, but the thing I want to give you a little more specifics on is their response. In their response - it may be something in terms of questioning to ask them. They said they're going to determine if additional resources are required to ensure that policy is met. It's only a four-line response on Page 36 to Recommendation 2.3, but that is in there. They'll review it and deal with it within 24 months. That may be a line of questioning for the deputy, to say, do you need additional resources to do that?

TIM HALMAN: Could you comment on the extent to which departments that you audit are open to your point of root cause analysis? Do you find there's co-operation when it comes to that depth of investigation for an Auditor General?

MICHAEL PICKUP: I am absolutely convinced that the departments do want to engage in that root cause analysis discussion. At times, it can be a difficult discussion. It can be difficult to get to what a root cause is. It's important because it can help a recommendation development that makes a more relevant and more meaningful recommendation. It probably doesn't change the audit answer.

If you set out to say, did you do A and B and no, you didn't do A and B - you know you failed to do A and B. However, where that root cause discussion becomes more important is, what are you going to do to fix it so that A and B don't happen again? That's where that discussion is needed. I think absolutely they are engaged in that discussion, and I think if anything, they want us to hear, if they know the answer.

TIM HALMAN: With respect to that, it was said in the report that four of the 14 bridges did not receive verification inspections as required. I'm curious as to whether or not you found out why that was the case. When you began to probe using the root cause analysis, did you get an explanation as to why the verification inspections as required did not occur for four of the 14 bridges?

MICHAEL PICKUP: The answer, I am being told, is no. Again, maybe the deputy will have some deeper thoughts on that.

TIM HALMAN: Going further into Chapter 2 in the report, if I've understood correctly, Paragraph 2.23 on Page 39 mentions another check required by staff within the department. As stated within the report, failure by the department to monitor warranties could result in the department eventually paying for repairs that a contractor should have corrected under the warranty.

I'm curious, when you discovered internal habits like this within the department, do you think giving the department additional funding now to deal with these issues - or do you think they ought to demonstrate a greater attempt at better resource management with their funds?

MICHAEL PICKUP: We do these audits and we make the decisions on whether to do these audits, recognizing that issues on funding and how much funding someone has is not within the purview of the auditor. Those are government decisions.

Having said that, I think all the more reason, and partially why we put that contextual information, is all the more reason to do your warranty claims, because you do have limited funding and why would you chance missing making a warranty claim so that you don't have to spend your own money somewhere down the road. It's not unlike owning a car.

TIM HALMAN: In Paragraph 2.25 on Page 37, on the bottom of the page, it states that the act of completing the required annual reviews would allow for the department to see whether contractors are meeting with the department's quality standards. Am I correct in saying these the department is not following that - that none were completed? Am I correct in saying that with respect to the annual reviews?

ADAM HARDING: Paragraph 2.25 referring to annual audits that the department completes on significant or major construction projects - part of that is that they would look

at the three projects that have taken place during the year to look to see if department policies have been followed.

I apologize - could you rephrase or repeat the question?

TIM HALMAN: If you go back to Section 2.25, it's saying that the act of completing the required annual reviews would allow for the department to see whether contractors are meeting the department's quality standards. Is this something you would audit in terms of these annual reviews? Is this something that the Office of the Auditor General would probe into?

MICHAEL PICKUP: The point of why we looked at this was because they had identified this as one of their own control processes. If they said this was important for them to do it, then we looked at - are you, in fact, doing it?

I do want to again refer you back to something because I think it goes to your root cause analysis question that you had before. In the response to the recommendation about doing that - and this may be something to probe - it says the department will review to determine if additional resources are required to ensure the files are complete and accurate. I'm not saying that's the root cause, but I'm saying that it might be something to probe.

This is an example where it can be difficult during an audit to get some of the root cause analysis, discussion and clarity because the organizations may not know themselves at that point. It sounds like they were going to go and do this work so it may be something worth following up.

THE CHAIR: That concludes the time for the PC caucus. We'll now move to the NDP caucus and Ms. Roberts.

LISA ROBERTS: One last question for me related to the bridges. It's noted that records that exist are not always clear or consistent in terms of required maintenance and condition of bridges. I'm just wondering, Mr. Harding, did you find evidence of existing policy on how records are to be taken and where they are to be stored? Is there a clear process and policy about maintenance records that is not being followed?

ADAM HARDING: That very much is the reason for our observation in the report that there wasn't a clear requirement that the records had to be maintained in one location or one particular format. That really is the observation, that the information is in a variety of formats and a variety of locations, and that introduces some risks of inconsistency or some risk that that information may not be readily available when someone is looking for it.

LISA ROBERTS: I'm going to move on to the Workers' Compensation Board report. It was troubling to learn that there have been several breaches of private medical

information, including information about medications that the worker making the claim was taking and information about previous illnesses and injuries not related to the claim. It was found that these breaches occurred at both the staff and management level, and the Workers' Compensation Board has said that they will review best practices for vetting sensitive information removal over the next 12 to 24 months.

I'm just wondering if I could get a comment on how confident the Auditor General's Office is that a best practices review will change the attention to detail that seems to be lacking at present.

MICHAEL PICKUP: Part of the reason why we ask for responses to the recommendations is to help foster a discussion and some accountability discussion as well between people in the Legislature and the organizations that we audit. Of course, we don't give any sort of advance ruling, advance assurance, to say we think that is likely or not likely. Honestly, we just accept the response as they want to give the response. We encourage some rigour put into those responses.

We encourage that if you think it's going to take longer - then what I like about the time frames being there is so that you folks can judge and have the discussion, if you have the chance to have them here, as to whether you think it's reasonable, given everything else that they have to do. I think that really is a discussion between the people I report to in the Legislature and the people we audit.

LISA ROBERTS: In the report, it's noted that several workers' appeals were not processed in line with the Workers' Compensation Board's 90-day target, and that appeals took in fact on average 50 days to even be assigned. In four of 20 appeals with delays that did not appear reasonable, decisions were made between 140 and 458 business days after the notice of appeal was filed. That seems like a very unreasonable amount of time to have to wait almost two calendar years to get a response to an appeal.

Four of 20 appeals within the sample works out to 20 per cent of cases facing an unreasonable wait time. Based on this sample, Ms. Richardson or Mr. Pickup, do you think it's fair to assume that 20 per cent of the total appeals before the WCB may be subject to unreasonable delays?

ASHLEY RICHARDSON: I wouldn't say that we could necessarily extrapolate it to say that, but what we would be able to say is that there are clear gaps in their processes that are allowing those unreasonable delays to occur. It would be reasonable to expect that there are certainly other unreasonable delays within the total population.

I think that what is also important about those, when we are talking about unreasonable delays, is that those four specifically - there were other delays where we could see commentary, justification. There were delays as well, but we could see the rationale. We could see what was being looked for, what information. That's one issue, but in these

particular issues, there were just large gaps of empty time when nothing was occurring. The lack of the process to identify and ensure that that's not occurring could certainly allow many more to slip through those cracks to have those extended wait times.

LISA ROBERTS: What happens to a claimant during that large gap?

ASHLEY RICHARDSON: They would just be waiting. That would be what would be occurring. That also ties back to items like the complaint process. The complaints that we did see often were related to timeliness. There are many processes there that need to function properly to ensure that those claimants aren't just waiting for long periods of time with no avenue to try to ensure that that process is remaining timely.

[10:30 a.m.]

LISA ROBERTS: This is a system where we in our constituency offices do get calls about, and I have found that those calls have been some of the most fraught with emotion and real sense. I'm sure that if you're getting those calls, it's coming from that same place of real frustration and sense that one's personal agency is being completely thwarted by an institution that is not responsive.

I know that some of those individuals would suspect that those large gaps where a file has just been allowed to sit somewhere is evidence that there's an intention to slow the process in order to reduce costs. Would you have anything to comment in response to that? Is it a conclusion that one could draw?

MICHAEL PICKUP: It's not a conclusion that we would draw on that. I would bring you back to the responses to say, in the responses, what do they mean? For example, a response might indicate we've hired an additional hearing officer in that case to deal with some of this. Maybe a fair question to the board is: Why did it take an audit for you to need to know that? Or on the complaints process or on a number of these things where they are going to look at best practices. I think it's a fair question to the organization we audited to say, why is that only coming out of an audit?

LISA ROBERTS: Ms. Richardson, the audit notes the lack of a formal structure to the complaints process. Can you say more about what that process currently looks like?

ASHLEY RICHARDSON: We do quite a bit of detail on that in the report. The current complaints process is singularly managed by one person, so there's one point of contact upon which you register a complaint and that would be the person you would log the complaint to, validate the complaint, follow up, ensure that it's taken care of at the management side, and filter down to the caseworker.

What we found is that there is no process in place to formally document all of those actions. That was one of our main concerns. There is no approach to ensure that it's clearly

documented, what is the complaint, who is the complainant, when was it received, what action was taken - that whole process. That would be an expectation that we would have for a well-defined, fulsome complaint process.

THE CHAIR: That concludes time for questioning for the NDP caucus. We'll now move to the Liberal caucus and Mr. Jessome.

BEN JESSOME: Could someone expand on what the intended role is between government and the Workers' Compensation Board - some background on the attention to the working relationship between government and the board?

ASHLEY RICHARDSON: The Workers' Compensation Board has a reporting relationship to the Department of Labour and Advanced Education. That is not a governance role. That's a reporting relationship. Direction is provided to the Workers' Compensation Board solely through legislation - the Workers' Compensation Act - so in order to direct the Workers' Compensation Board to perform some action or abide by some new rule, that would come through the Workers' Compensation Act. However, they do have to report to the Department of Labour and Advanced Education.

BEN JESSOME: Just to clarify, to operationalize any of the changes that are proposed or considered, does that come from the board or does that come from the government?

ASHLEY RICHARDSON: The board has their policy committee so they can make changes to policy that fall within the parameters of the Workers' Compensation Act for government to create change with the Workers' Compensation Board. If it was outside of the parameters of the Act, they would need to make those changes to the legislation.

BEN JESSOME: I guess I'm just trying to identify who or what - we have these boards that operate and make decisions to some extent, but then there's the oversight provided by government. I'm trying to identify - if we're talking about a gap in some of the reporting or what have you - whether it is the government or the board that operationalizes the decision to provide a definitive way to report.

MICHAEL PICKUP: In this case, for example, all of these recommendations are within the control of the Workers' Compensation Board. If you look at the responses, nowhere do they say, we need the government to do A, B, and C. When we set out to do these audits, we do it in the context of the policy, legal, and regulatory framework and environment that we're in. In no way are we trying to suggest that any type of policy, regulations, or laws in terms of how the Workers' Compensation Board operates in its arm's-length position to a certain extent from the government should be changed. It's all within the control of the board.

BEN JESSOME: Thank you. I just wanted to clarify that that was the case.

Related but unrelated, can either of you provide some comments on when the last time the Workers' Compensation Board was audited and any type of background on that particular audit?

ASHLEY RICHARDSON: The last time the Workers' Compensation Board was audited was in 2000, I believe - a while ago. Obviously, there has been a significant amount of change within the Workers' Compensation Board since that time, so we really went into this audit with a fresh perspective of looking at their current environment, their current context, through our planning process and the challenges that the organization is faced with today.

BEN JESSOME: When you reference change, do you mean with respect to composition or operations of the board? I'm just trying to identify specifically, if this is what the report is today, was there a similar scenario in 2000 and what has been prohibitive to get to a point of improvement over the past 20 years.

MICHAEL PICKUP: In terms of the previous audit that was done about 20 years ago, that would have been subject to whatever follow-up and processes there were at the time. Having said that, that would have informed us to some extent to say what happened to that as a result. I think the significance of the issues and the inherent risks around the WCB were enough to generate our interest in doing the audit.

The other thing I would remind you is, this was Phase 2. We did look at the governance and the sustainability in terms of the funding last year, I guess it was, when we reported on that as well.

BEN JESSOME: I'm going to get into the actual particulars here. I'll just cite the example that I have here: Paragraph 3.12, nine out of 20 claims regarding permanent injuries or permanent compensation decisions were not completed in a timely manner.

I'll add the context that it would seem to me that there's some merit in delaying any type of examination particular to a decision to be made with respect to a permanent decision having to do with injuries. If you're in a car accident, for example, you have up to two years to make that claim, and I think there's some validity in taking your time to decide how your body is going to react or improve or how therapies go. When we're talking about a permanent decision - I would also add that there has been an identification in the report that there is short-term funding enabled.

I'm just trying to understand, is there any merit behind those delays? What did you find when you looked at that?

ASHLEY RICHARDSON: Just to clarify, you're speaking merit in that additional time could potentially - there are several parts to a permanent impairment assessment process. The first part would be the practitioner that the worker is working with would

essentially notify the Workers' Compensation Board that they believe maximum recovery has been reached. This would have been after a significant period of time, likely, that you have been following a return-to-work plan or a plan to achieve peak recovery. This wouldn't be immediately after you have filed a claim or anything like that point.

At that point, that's when the caseworker would refer that to the internal medical adviser to confirm that they agree, yes, that that's probably reasonable, that they have reached maximum recovery, at which point, it would then be sent for an assessment to determine the degree of that permanent impairment. I think that the process has a time lapse which is reasonable.

BEN JESSOME: We talked about the internal medical advisers that are available to support a claim or a process. I think it would provide a lot of comfort, I guess, for an individual to provide their own assessor. Is that possible at all?

ASHLEY RICHARDSON: Depending on the scenario, there can be external medical advisers involved in a process. We do refer in the report to an independent panel that was proposed to be established in legislation which hasn't occurred. Internally, they do have the internal medical adviser process. If there are disagreements between, for instance, the external practitioner and the internal medical adviser, there are processes in place for that. The internal medical adviser doesn't necessarily have last and final say on the situation. There are multiple levels of consultation.

THE CHAIR: That concludes questioning. If you would now like to make a few closing remarks, you can do so.

MICHAEL PICKUP: I have very short closing remarks. I want to thank you for your questions and for inviting us here today and your interest in our work as we are here to serve you and all members of the Legislature and the work that you do. I want to thank the folks with me today and equally important are the folks back in the office who work on these audits and who are now busy working on other audits, and equally to the six organizations across the broad public sector that we worked with here, that we audited here, for their excellent co-operation. The co-operation is amazing, and while we have a very independent job to do, we do get very professional responses.

Now I am hopeful that, given the 27 recommendations we made and the nature of the responses, which have very specific timelines, which in very few exceptions exceed 24 months - the most important thing that will happen is the action to address the recommendations. That's why follow-up is so important and seeing these things done. Doing these audits is great. Getting agreements to the recommendations is great. The greatest part and the most important part, frankly, is the carry-through of government to make the changes for better government for Nova Scotians, which is what drives all of us to do this work that we do. Thank you so much.

THE CHAIR: We do have some committee business we'll continue on with now.

If you guys have looked at your package, there is some correspondence there from the Department of Fisheries and Aquaculture and from the Auditor General of Nova Scotia. If we've all had a chance to read it, I would like to move that we accept that correspondence as is and can be posted or do what needs to be done.

[10:45 a.m.]

The second item on the agenda is the Subcommittee on Agenda and Procedure's record of decision from the June 5, 2019 meeting. I would ask for a motion to accept and approve that record of decision. Is there any discussion? Ms. Roberts.

LISA ROBERTS: I was going to move that we accept the slate of topics as proposed.

THE CHAIR: Mr. MacKay.

HUGH MACKAY: I call the committee's attention to the last two topics. Although they came out of subcommittee, they did not do so on a unanimous basis. I believe we have to look at these separately rather than taking the full slate.

THE CHAIR: Mr. Halman.

TIM HALMAN: With respect to my colleague, perhaps we can find an alternative topic with respect to the last two on the list. I believe the most pressing issue impacting our province is doctor recruitment. We have the Fall 2017 Auditor General Report. If you have now limited the scope of this committee to AG Reports, then let's follow through on that. I see this as an opportunity, to your point, Mr. MacKay. Perhaps we can substitute that topic of doctor recruitment for one of the two topics here. That topic of doctor recruitment, of course, is from the Fall 2017 Report of the Auditor General.

THE CHAIR: Before we go any further, there was a motion on the floor to accept it as presented. We'll deal with that motion first, and then we can deal with the other motions after that.

Would all those in favour of the motion to accept the agenda as presented please say Aye. Contrary minded, Nay.

[The motion is defeated.]

THE CHAIR: We'll move on and do each one individually.

The topic is the Public Service Commission, Agriculture, Community Services, and Justice: Diversity and Inclusion in the Public Service, from the May 2019 Report of the Auditor General.

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

The motion is carried.

The second item is Selection and Quality Management of Bridge Projects in Central and Western Districts, from the May 2019 Report of the Auditor General, Chapter 2.

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

The motion is carried.

The third item is Workers' Compensation Board: Claims Management, from the May 2019 Report of the Auditor General, Chapter 3; and the second part to that is the Workers' Compensation Board Governance and Long-term Sustainability, from the December 2018 report, Chapter 3.

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

The motion is carried.

Department of Transportation and Infrastructure Renewal, the use of P3s for twinning the highway between Antigonish and Pictou - Ms. Roberts.

LISA ROBERTS: This is a topic that I put forward at the subcommittee. Members of the committee may remember that the Auditor General did an extensive audit report on the use of P3 models in building schools in Nova Scotia that found that that had many negative implications for value for public dollars. We now see a whole slate of different infrastructure builds using a P3 model despite some of the findings of that report. That is the rationale behind putting this topic forward because it's certainly very timely.

THE CHAIR: Mr. Halman.

TIM HALMAN: While I appreciate the rationale for that topic, I feel the most pressing issue impacting our province is that of doctor recruitment. I see this now as an opportunity for us to put forward that topic based on the Fall 2017 Auditor General's Report. In terms of visiting this topic, this is something we could look at on a future date in terms of a P3 between Antigonish and Pictou. In terms of topics that I think are of the utmost urgency to Nova Scotians, doctor recruitment is there, and this provides us an opportunity to bring that topic forward based on an Auditor General's Report.

THE CHAIR: Ms. Lohnes-Croft.

SUZANNE LOHNES-CROFT: Keeping with our best practices in studying and discerning Auditor General Reports, I believe our caucus would be willing to take this topic of Department of Transportation and Infrastructure Renewal with the twinning of the highway between Antigonish and Pictou to the Department of Natural Resources and Economic Development. We would be willing to make a motion for that.

THE CHAIR: Would all those in favour of P3 twinning coming to the Public Accounts Committee please say Aye. Contrary minded, Nay.

The motion is carried.

Next, the procurement process for the Art Gallery. Ms. Lohnes-Croft.

SUZANNE LOHNES-CROFT: Again, we would be willing to have this topic taken to the Department of Natural Resources and Economic Development. I would make a motion.

THE CHAIR: That's not the motion we're doing right now. The motion is are we going to take it to the Public Accounts Committee.

Would all those in favour of the motion of procurement going to the Public Accounts Committee, please say Aye. Contrary minded, Nay.

The motion is defeated.

Mr. Halman, you have another proposal?

TIM HALMAN: With respect to that topic, again, here is another opportunity. We could bring the topic of doctor recruitment to the Public Accounts Committee based on the Auditor General's Report of 2017. It's a great opportunity for all of us to discuss this very important topic.

THE CHAIR: Mr. MacKay.

HUGH MACKAY: Two points to Mr. Halman's motion. First, we've already had the topic of doctor recruitment here at the Public Accounts Committee, so I think it's not the best use of it. Secondly, if it was to be discussed, it should be referred to the Health Committee, which was set up specifically to deal with these sorts of things in a fully open and transparent manner.

THE CHAIR: Ms. Roberts.

LISA ROBERTS: I was simply going to point out that we did call the topic and have it at committee after that audit, so it was here in December 2017.

THE CHAIR: Mr. Halman.

TIM HALMAN: With respect to that, at this stage, the Public Accounts Committee is here to talk about Auditor General Reports. It's a report that is important. This is a topic that's important, so I think we should do what we said we were going to do - look at Auditor General Reports. Here is a report in line with the most pressing issue impacting our province - doctor recruitment. Let's embrace this opportunity to talk to the department about the efforts being made to attract and retain doctors in our province.

THE CHAIR: Would all those in favour of the motion of bringing doctor recruitment back into the Public Accounts Committee please say Aye. Contrary minded, Nay.

The motion is defeated.

Ms. Lohnes-Croft, you have another for the procurement of the Art Gallery.

SUZANNE LOHNES-CROFT: Yes, my motion is for the Public Accounts Committee to write a letter to the Natural Resources and Economic Development Committee and encourage the committee to request officials from TIR be scheduled at a future meeting to discuss use of P3s for twinning on the highways.

THE CHAIR: That motion has already been carried. We've already approved that.

SUZANNE LOHNES-CROFT: Sorry, the Art Gallery. We request that officials from TIR and CCH be scheduled at a future meeting to discuss the Art Gallery project.

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

The motion is carried.

The next item on the agenda is the endorsement of the Auditor General's recommendations. The committee has adopted a practice of formally endorsing the AG recommendations. A list of the recommendations on the May 2019 report was provided to members. I would ask for a motion to endorse those recommendations. Mr. Jessome.

BEN JESSOME: I move that the Public Accounts Committee formally accept and endorse recommendations in the May 2019 Report of the Auditor General that have been accepted by the audited departments or agencies and ask that those departments and

agencies commit to and take responsibility for full and timely implementation of the recommendations accepted by those departments and agencies.

THE CHAIR: Is there any discussion? Would all those in favour of the motion please say Aye. Contrary minded, Nay.

The motion is carried.

The last item on the agenda is attendance at the CCPAC Conference. At the last meeting, information was provided about the conference to members for their information. Ms. Roberts inquired whether a second member could attend should no members from one or the other Parties on the committee attend. An inquiry was made and once it was known who will be attending, and should there be a caucus not represented, the request can then be made to the Speaker for consideration as an information piece.

If there's no further business, the next meeting is July 10<sup>th</sup> here in the Chamber at 9:00 a.m. The witness, as we discussed, will be called and determined by the clerk.

Thank you very much. Have a good day. We are adjourned.

[The committee adjourned at 10:55 a.m.]