

Office of the Auditor General

Province of Nova Scotia



MID-MANDATE

Report to the Nova Scotia House of Assembly

December 2019

Letter from the Auditor General

The Office of the Auditor General of Nova Scotia has long been a high-achieving organization, known for its three core values – independence, integrity, and impact.

Five years ago, I was fortunate enough to become a part of this team and this year marks the halfway point in my 10-year term. Prior to coming to this Office, I worked with the Office of the Auditor General of Canada for 25 years; in Ottawa for 15 years and at the Halifax regional office for 10 years. Being from Nova Scotia, I was very happy to return to my home province for the remaining years of my career.

I would like to thank all departments and organizations we have worked with in the past five years for their cooperation and support of our Office. The continued efforts to implement our recommendations are key to improving the efficiency and effectiveness of our government.

I would also like to thank staff who welcomed me to the Office five years ago and who continue to strive for excellence in their daily work. Without their support and dedication, this Office would not be what it is today.

In the past five years, we have tabled 27 reports (64 chapters of our work) to the Nova Scotia Legislature. We have added two significant audits to our financial portfolio - the Nova Scotia Health Authority and the IWK Health Centre. Taking on these two large audits represents a substantial increase to our financial work, but I feel our work adds significant value to Nova Scotians.

During my time with the Office, I have been asked many questions about who we are and what we do. As a result of some of these questions, we engaged an external communications consultant to consult with our stakeholders to find out what information or clarification about our role they needed from us as an Office. As part of this report, I will look to address some of the most frequently asked questions and provide some information on a variety of topics highlighted by our stakeholders.

As I look forward to the second half of my 10-year term, I want to strive to build upon our success and continually serve our legislators with the integrity and independence that are the foundations of our work. Because of this, we want to ensure the audits we do are relevant, provide value for money to the citizens of Nova Scotia, and will have significant impacts. For example, one key area we want to evolve towards is the increased use of data analytics and using these analytics in audits. Using data in our work keeps our audits relevant and timely, and this is the future of auditing.

I thank you again for your ongoing support and look forward to continuing to serve all Nova Scotians in this role for the final five years of my term.

Sincerely,



*Michael A. Pickup, FCPA, FCA
Auditor General of Nova Scotia*

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OAGNS 101

The team



What is the mandate of your Office?

The Act

The Office of the Auditor General of Nova Scotia is established by the Auditor General Act.

Mandate

The Auditor General's mandate includes issuing opinions on government financial reports and conducting performance audits on public sector operations.

Opinions are provided annually on the government's consolidated financial statements, the revenue estimates included in the government's budget, and the financial statements of certain other public sector entities.

Our Values

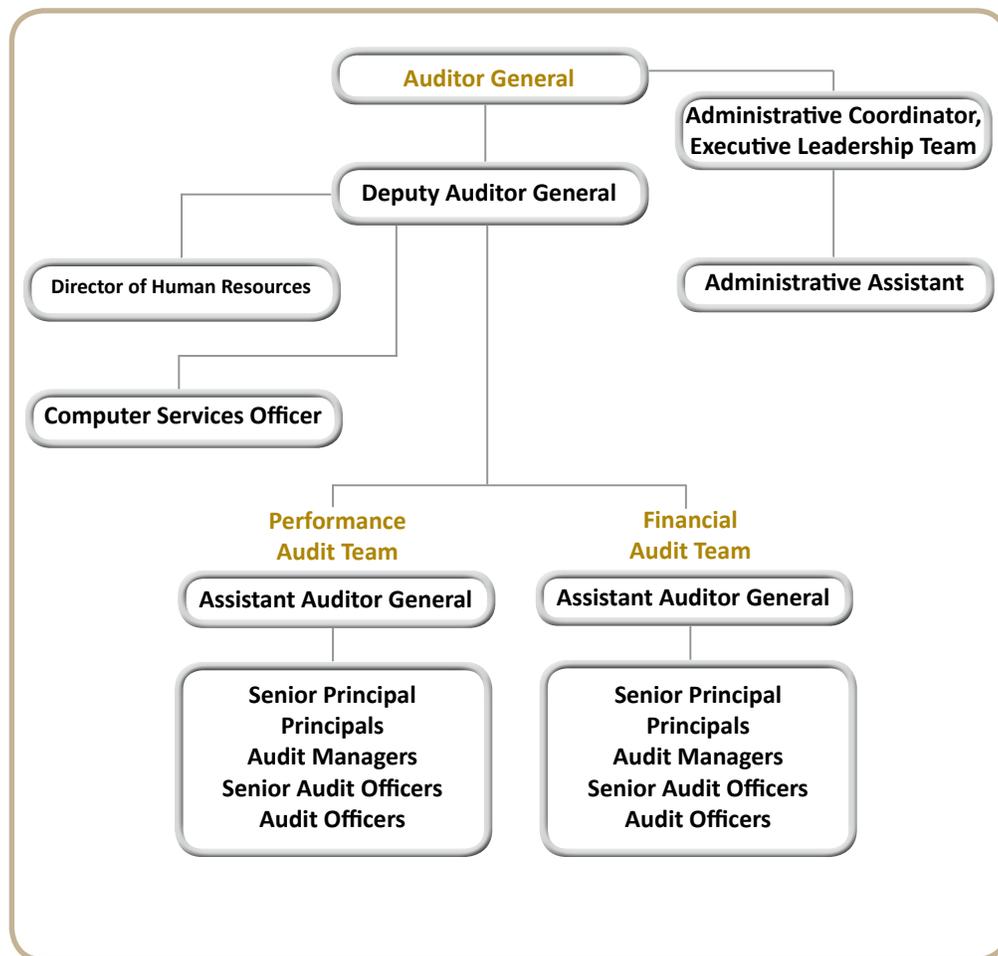
Independence – We remain independent of the entities that we audit and are objective in our work.

Integrity – We work together and with others in an open, honest, and trustworthy manner while respecting the confidentiality of the information we obtain.

Impact – We focus on significant issues to make a positive difference for the benefit of Nova Scotians.

How is your Office organized?

The Office is led by an executive leadership team that includes the Auditor General, Deputy Auditor General, and Assistant Auditors General. Audit staff are assigned to either the financial audit team or the performance audit team. Each team is overseen by an assistant auditor general, and includes a senior principal, principals, managers, senior audit officers and audit officers (CPA students).



Who hires the Auditor General?



Typically, Executive Council hires a recruitment firm to conduct a national competition search and recommend candidates.



A selection committee is then created. It consists of accounting and audit experts from the public and private sector and educational institutions who interview potential candidates vetted by the recruitment firm.



The selection committee recommends a candidate to government and then a vote takes place in the House of Assembly where a majority vote is needed to approve the candidate. The current Auditor General was unanimously approved by the Nova Scotia Legislature in April 2014.

Do you audit my taxes?

We do not audit taxes of individual citizens or companies

We can audit any part of the provincial government, as well as any organization that receives funding from the provincial government

Financial Audits

We do a mix of large and small financial statement audits including the annual audit of the Province's consolidated financial statements.

Performance Audits

We can audit any government department, agency, or commission. Any organization that receives provincial government funding has the potential to be audited.

Follow-up

Two years after releasing a performance audit, we follow up on recommendations we made to see if they have been implemented.

Review of Revenue Estimates

Every year we review budgeted provincial revenues to ensure they are reasonable and based on appropriate assumptions.

How do you communicate the results of your work?



We send a Note to Editor notifying media of upcoming reports and related press conference



We tweet what is coming up as well as on the day we release our reports



We post all of our reports, summaries of reports, and videos on our website



We post our press releases on the NS Government website and OAG NS website



We send an email notifying all government employees when we release a report



We hold a press conference and attend media interviews and public appearances as requested



We attend Public Accounts Committee if we are called as a witness after release of our reports

Who audits the auditor and how are you held accountable?

ACCOUNTABILITY



Auditor General's expenses approved by Speaker of the House of Assembly and posted on our website

Annual Business Plan and Performance Report submitted to House of Assembly (under budget every year for past 10 years)

Annual financial statements audited by a public accounting firm; the resulting report is addressed to the Speaker of the House of Assembly and posted on our website

CPA professionals and students required to follow CPA Code of Professional Conduct

Required to follow CPA Canada audit standards

Subject to periodic review by CPA Nova Scotia

Review of audit files by other Canadian legislative audit offices

Internal quality assurance process for all audits

How do you work with the Public Accounts Committee?

The Standing Committee on Public Accounts (PAC) reviews public spending, reports of the Auditor General, and any other financial matters respecting the public funds of the Province.

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- We attend all Public Accounts Committee meetings, regardless of the topic being discussed
 - We attend all sub-committee meetings of the Public Accounts Committee
 - We provide in-camera briefings
 - We answer questions as a witness on our reports at public sessions
 - We respond to member queries and provide comments during any Public Accounts Committee meeting as requested
 - We attend the annual joint conference between the Canadian Council of Public Accounts Committees and Canadian Council of Legislative Auditors

The last 5 years at a glance

We reported on **35** performance audits

.....

We spent **71,009** hours to complete these performance audits

.....

We made **270** recommendations in these reports

.....

We issued **21** financial audit reports

.....

We issued **43** financial statement audit opinions

.....

We spent **80,256** hours to complete our financial work

.....

We completed **6** follow-up reports

.....

We spent **5,286** hours to complete our follow-up work

.....



Financial Work

What financial work do you do?

Financial Statement Audits

- Province of Nova Scotia's Consolidated Financial Statements
- Nova Scotia Health Authority
- IWK Health Centre
- Nova Scotia Legal Aid Commission

Reviews

- Revenue Estimates used in Nova Scotia's Annual Budget

Controls and Compliance

- Nova Scotia House of Assembly

Annual Financial Report

- Covers highlights of financial audit work we did during the year

What is included in your annual financial report?

Once a year, we release our Financial Report

Our Financial Report

- Presents the results of our financial audit work
- Provides discussion and analysis around Nova Scotia's finances based on the Province's annual consolidated financial statements
- Addresses other important topics identified by our Office

Examples of topics we have reported on over the past 5 years

- Travel and hospitality disclosure
- Fraud risk management
- Board vacancies
- Public sector pension plans
- Accounting for contaminated sites
- Internal meeting and employee social event expenses
- Cybersecurity

What are some areas addressed by government as a result of your financial work?

Travel and Hospitality Disclosure

- Government now publicly discloses senior executive travel and hospitality expenses

Fraud Risk Management

- More fraud risk assessments being done across government
- Government fraud hotline is to be implemented
- Increased implementation of fraud policies in government organizations

Board Vacancies

- Government took action to fill vacant board positions
- Expanded recruitment methods
- Enhanced tracking of board vacancies

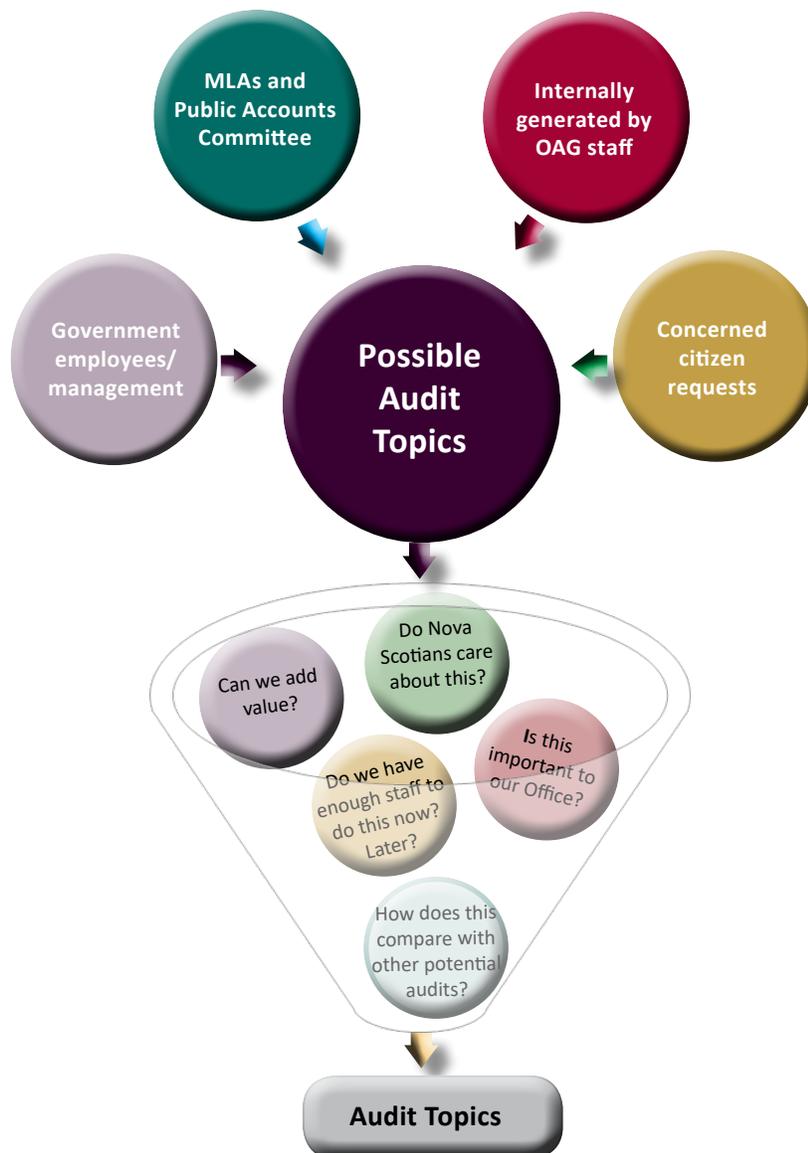


Performance Audits

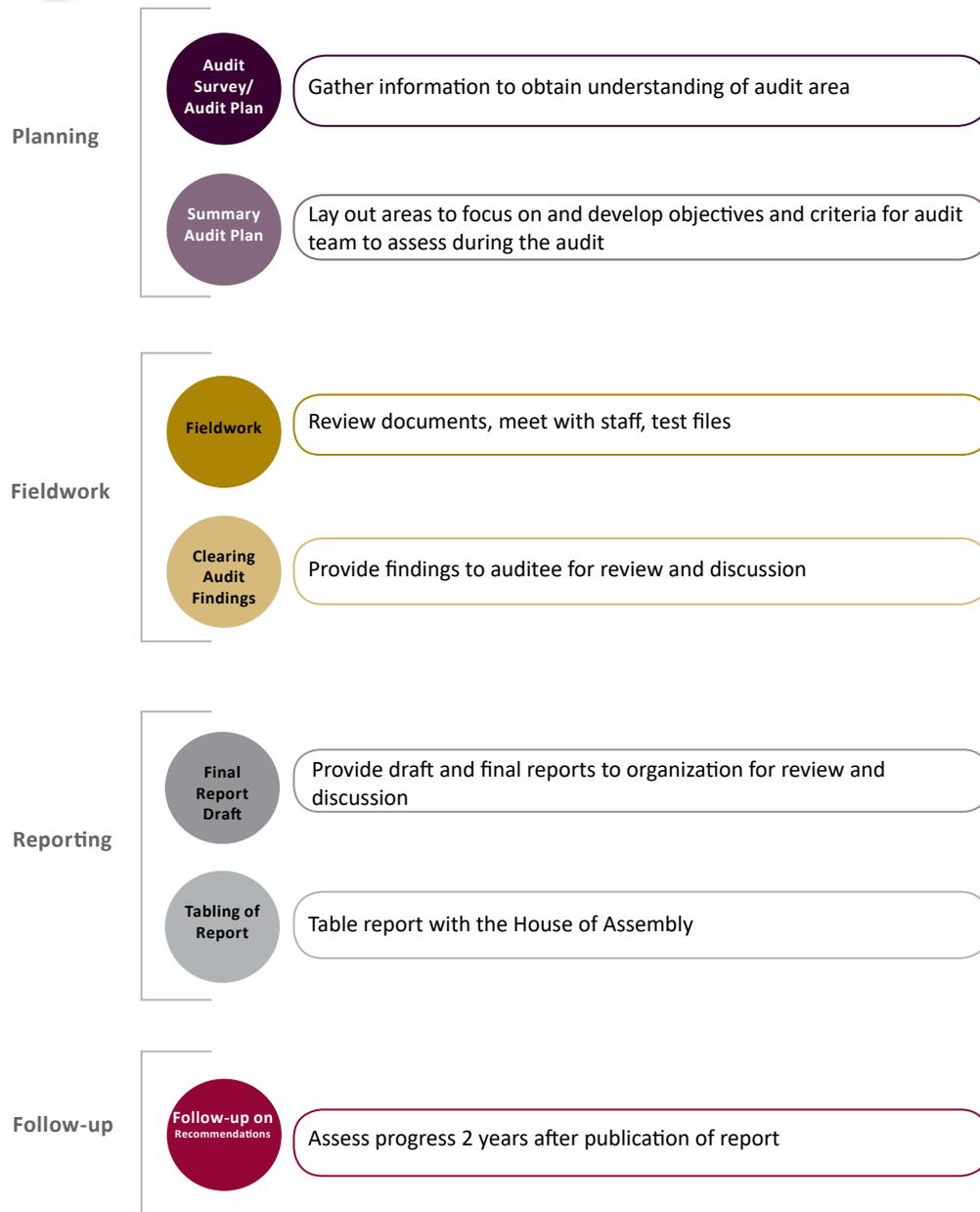
How do you pick your performance audit topics?

Picking performance audit topics is far more art than science

We consider a variety of factors when assessing lots of possible audit topics before choosing which projects will go forward



What are the phases of a performance audit?



What impacts have your performance audits had?

Health

- Policy changes have improved the accuracy and consistency of surgical wait time reporting
- Policy changes helped clarify expectations and monitoring of operating room usage at the IWK Health Centre
- Improved/updated standards for reducing and preventing harms associated with substance abuse and gambling
- Improved processes for inspection and enforcement of homes for special care

Education

- Improved inspection process for government staff who inspect licensed childcare centers
- Management at several Regional Centers for Education are now requiring annual reporting to better identify how schools are progressing against goals

Other

- Creation of one central office in government with responsibility for large construction projects
- Improvements around processing times, information system usage, and enforcement activities related to aquaculture
- Policy improvements have helped contribute to consistent Crown land silviculture monitoring

Do you only audit the largest departments?

Of the 35 performance audits we have reported in the past 5 years, 34% were completed in the 2 largest departments

- Department of Health and Wellness
- Department of Education and Early Childhood Development

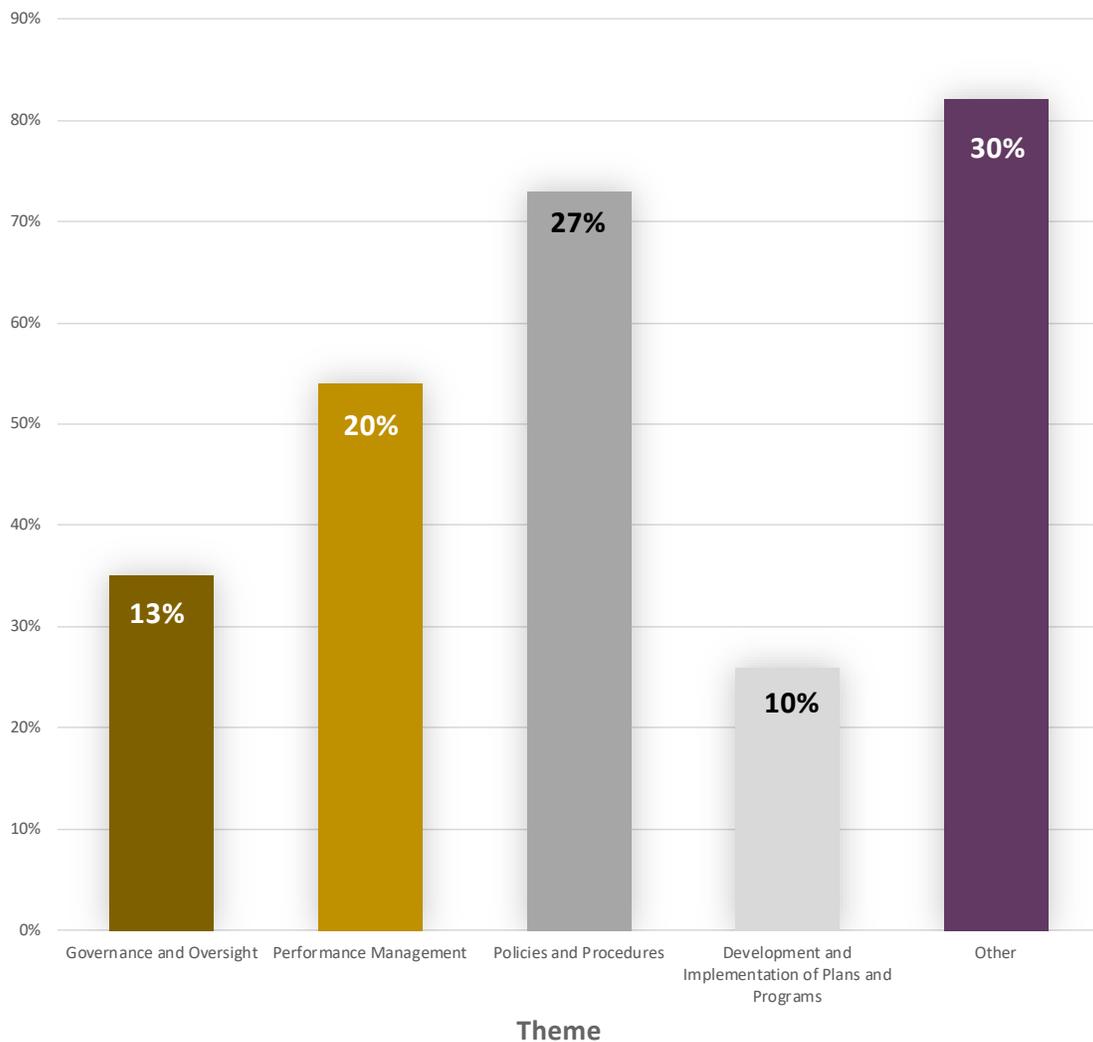
66% of our performance audit work was in other departments and organizations, including:

- Bluenose II Restoration Project
- Critical Infrastructure Resilience
- Climate Change Management

Have you found any themes in your performance audits?

Of the 270 recommendations we have made in the past 5 years, 70% fall under 4 themes

- Policies and Procedures
- Governance and Oversight
- Performance Management
- Development and Implementation of Plans and Programs



Other recommendations include those related to security, internal controls, communications, risk assessments, and documentation.

What do you do to see that organizations are acting on your recommendations?

In our annual follow-up report, we assess the implementation status of the performance audit recommendations we have made

Traditionally, we followed up on all performance audit recommendations **2 and 3 years** after we completed an audit

Starting in 2020, to give organizations a chance to provide context around why something is not finished, or to talk about work in progress, we are doing more



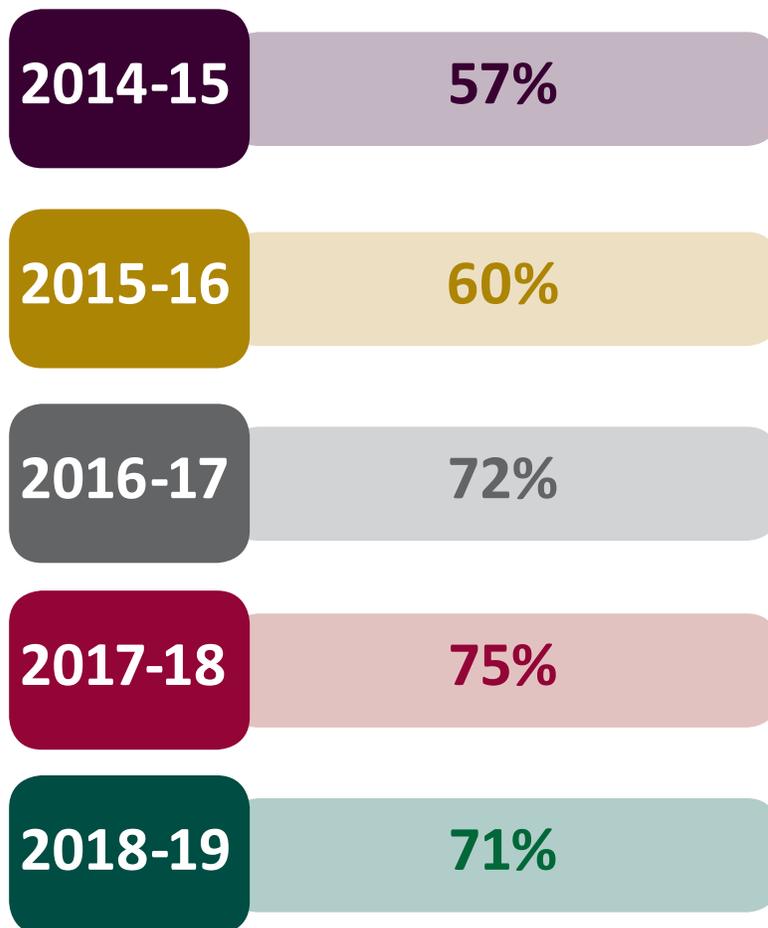
One year after tabling, organizations will give a summary of progress towards addressing each recommendation, which will be included in our report

For recommendations not completed after 3 years, we will follow up in the 4th year

For recommendations not yet complete, we will report the organization's description of what they have done and/or what they plan to do

Are departments and organizations implementing your recommendations?

Yes, the percentage of recommendations implemented is generally increasing





Investing in our People

What are the qualifications of your staff?

- ➔ All audit staff at the Office of the Auditor General hold or are pursuing their **Chartered Professional Accountant (CPA)** designation
- ➔ The Office of the Auditor General of Nova Scotia is a Pre-Approved Program Route Office as part of the mandatory practical experience requirements of the CPA Professional Education Program (CPA PEP)
- ➔ In the past 5 years, **7** staff members have obtained and another **7** are currently working towards their CPA designation
- ➔ Some staff hold additional certifications such as the Certified Internal Auditor (CIA), Certified Information Systems Auditor (CISA), and Certified Fraud Examiner (CFE)
- ➔ The Office supports the ongoing development of staff through numerous professional development opportunities

What professional associations and organizations does your Office work with?

There are many professional associations and organizations we regularly collaborate with

CCOLA

- Canadian Council of Legislative Auditors (CCOLA)
- Involved in over 15 working groups and committees
 - Organize and participate in conferences
 - Involved in coordinating collaborative audit work



CAAF

- Canadian Audit and Accountability Foundation (CAAF)
- Auditor General and staff develop, participate in, and present various courses



CPANS

- Chartered Professional Accountants of Nova Scotia (CPA Nova Scotia)
- Participate in various training sessions



CPA

- Chartered Professional Accountants of Canada
- Staff involved in delivering courses



CPA

- CPA Atlantic School of Business
- Staff involved in proctoring exams



AASB

- Auditing and Assurance Standards Board (AASB)
- Auditor General sits on standard setting board



IIA

- Institute of Internal Auditors Canada (IIA Canada)
- Auditor General and other staff have attended and presented at various conferences



Do you work with other OAG offices across the country?

In the past 5 years, we have participated in **2** collaborative performance audits with other OAG offices across the country



2018

Climate Change – Auditors General from most provinces worked together to examine government responses to climate change at the federal and provincial levels



2016

Atlantic Lottery Corporation – New Brunswick, Newfoundland and Labrador, Nova Scotia, and Prince Edward Island worked together to examine aspects of this organization such as governance, travel and hospitality expenses, and contract management

How do you ensure your Office is diverse?

In 2019 we implemented an **Employment Equity Plan**

- Goal of increasing representation of Employment Equity groups in our office
- Job ads were reviewed to ensure language is inclusive, appropriate, and unbiased
- In-house policies, procedures, and communications were reviewed to ensure they are inclusive and unbiased
- Interview questions were developed that genuinely test for skills, knowledge, and relevant experience
- All staff are required to take Diversity and Inclusion training
- The Office has committed to work towards increasing the proportion of under-represented groups within its staff

So how diverse are you?

Gender Diversity

35 Office staff

- 46% male • 54% female

4 Executive Leadership Team members

100% male

Principals (most senior level below Executive Leadership Team)

- 50% male • 50% female

Cultural Diversity

- Several staff members were born in countries such as Barbados, China, Croatia, Nigeria, and Zimbabwe and now call Canada home
- Our staff also speak 6 languages including Croatian, English, French, Mandarin, Shona, and Yoruba



What does your workplace survey show?

Workplace survey to engage staff and identify concerns

- Staff surveyed every 3 years
- Survey covers a wide range of workplace issues such as communication, human resources, opportunity for advancement, technology, etc.
- For the 2016-17 survey the Office hired an external Human Resources consultant to do a comprehensive workplace review
- Workplace review showed that 97% of staff feel the Office is a good place to work
- Workplace review resulted in recommendations, all of which were accepted by our executive leadership team
- Next staff survey to be completed in 2019-20

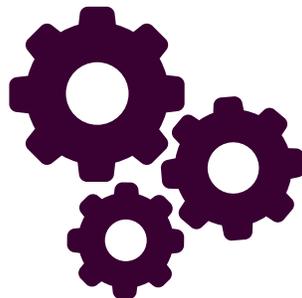


How many administrative staff do you have?

4 non-audit staff in Office's total of 35

- Administrative Assistant
- Administrative Coordinator, Executive Leadership Team
- Computer Services Officer
- Director of Human Resources

In March of 2018, as a result of a comprehensive workplace review completed by an external consultant, the Office hired its first Director of Human Resources to ensure the Office was following best practices in serving staff needs. The position helps the Office develop the skills and competencies of staff that are essential to providing a high level of service to the House of Assembly and the people of Nova Scotia.



Does your Office support your staff to volunteer in their community?

Our staff are involved with many community organizations





Appendices

Appendix I

Reports Tabled in the Last 5 Years

Performance Audit Reports		
Report	Chapter Title	Video
December 2014	Integrated Case Management System	N/A
	Tri-County Regional School Board	N/A
	Surgical Waitlist and Operating Room Utilization	N/A
January 2015	Bluenose II Restoration Project	N/A
June 2015	Aquaculture Monitoring	N/A
	Procurement and Management of Professional Services Contracts	N/A
	Responsible Gambling and the Prevention and Treatment of Problem Gambling	N/A
November 2015	Regional School Board Governance and Oversight	Link
	Business Continuity Management	Link
	Funding to Universities	Link
	Monitoring and Funding Municipalities	Link
	Forest Management and Protection	Link
June 2016	Homes for Special Care: Identification and Management of Health and Safety Risks	Link
	Management of Nova Scotia's Hospital System Capacity	Link
	Species at Risk: Management of Conservation and Recovery	Link
October 2016	Joint Audit of Atlantic Lottery Corporation	Link
November 2016	Licensed Child Care	Link
	School Capital Planning	Link
	AMANDA Case Management and Compliance System	Link
	Critical Infrastructure Resiliency	Link
November 2017	Previous Audits Related to the Environment*	Link
	Climate Change Management	Link
	Environmental Assessments	Link
November 2017	Family Doctor Resourcing	Link
	Mental Health Services	Link
	Managing Home Care Support Contracts	Link
March 2018	A Collaborative Report from Auditors General: Perspectives on Climate Change Action in Canada*	Link

Appendix I (continued)

Performance Audit Reports		
Report	Chapter Title	Video
May 2018	Grant Programs	Link
	Correctional Facilities	Link
	Maintenance Enforcement Program	Link
December 2018	Management and Oversight of Health Sector Information Technology	Link
	IWK Health Centre Financial Management Controls and Governance	Link
	Workers' Compensation Board Governance and Long-term Sustainability	Link
January 2019	Information Access and Privacy Information Technology Projects	Link
May 2019	Diversity and Inclusion in the Public Service	Link
	Selection and Quality Management of Bridge Projects in Central and Western Districts	Link
	Workers' Compensation Board: Claims Management	Link

* Information pieces - not included in audit totals on page 15

Follow-up Reports		
Report	Chapter Title	Video
June 2015	Follow-up of 2011 and 2012 Performance Audit Recommendations	N/A
April 2016	Follow-up of 2012 and 2013 Recommendations	Link
February 2017	Follow-up of 2013 and 2014 Recommendations	Link
April 2018	Follow-up of 2014 and 2015 Recommendations	Link
March 2019	Follow-up of 2015 and 2016 Recommendations	Link
June 2019	Joint Follow-up of Recommendations to the Atlantic Lottery Corporation	N/A

Financial Reports		
Report	Chapter Title	Video
February 2015	Information on Unfunded Employee Retirement Benefits and Compensated Absences	N/A
	Indicators of Financial Condition	N/A
	Agencies, Boards and Commissions Accountability Reporting	N/A
	Results of Audits and Reviews	N/A
	Review of Audit Opinions and Management Letters	N/A
	Finance Follow-up	N/A

Appendix I (continued)

Financial Reports		
Report	Chapter Title	Video
November 2015	Results of Public Accounts Audit and Review of Revenue Estimates	N/A
	Results of Audits in the Government Reporting Entity	N/A
	Nova Scotia's Financial Condition	N/A
October 2016	Results of Financial Audit Work	Link
	Nova Scotia's Financial Condition	Link
October 2017	Results of Financial Audit Work: A Tool to Hold Government Accountable	Link
	Nova Scotia's Finances from 2017 Public Accounts	Link
	Public Sector Pensions: Promoting Public Discussion	Link
November 2017	Accounting for Contaminated Sites	Link
October 2018	Financial Audit Work Results	Link
	Nova Scotia's Finances from 2018 Public Accounts	Link
	Follow-up of Prior Year Observations and Recommendations	Link
October 2019	Financial Audit Work Results	Link
	Nova Scotia's Finances from 2019 Public Accounts	Link
	Cybersecurity, Purchasing Cards, and Follow-up of Prior Year Observations	Link

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