Chapter 1
Introductory Comments by the Auditor General

Contents
Introduction .................................................................................................................. 3
Acknowledgements ...................................................................................................... 6
Introduction

1.1 My Office’s mission, as included in our 2014 to 2020 strategic plan is:

   To provide objective, reliable, and timely information to the Legislative Assembly on government’s performance in its delivery of programs and services to the people of New Brunswick.

1.2 In this volume of our 2016 Report, we include three performance reports.

1.3 Many residents of New Brunswick will eventually need nursing home services. Chapter 2 (Nursing Homes) addresses the capacity of the Province to provide this service to those in need over the short, medium, and long term.

1.4 The other two chapters in this volume cover programs that, while small, are of great interest to many New Brunswick residents.

1.5 The Office of the Public Trustee was set up by the Province to protect the interest of vulnerable people when no-one else is able and willing to do so. Our objectives for this audit, which is reported on in Chapter 3, were:

   to determine whether the Public Trustee properly safeguards and administers client assets held in trust;

   to determine whether the Public Trustee’s processes for making care decisions on behalf of its clients are in accordance with legislation and policies; and

   to determine whether the Public Trustee publicly reports on the performance of its services.
1.6 Many New Brunswickers regularly attend one or more of the various Agricultural Fairs organized annually in the Province. By doing so, they are demonstrating the importance of these fairs to the cultural fabric of our Province. Chapter 4 of this Volume reports on our audit of government oversight of these associations.

1.7 In these three chapters, my Office reports upon several key findings that I wish to highlight in my comments.

Lack of Capacity in Provincial Nursing Homes to Meet Current and Future Demands

1.8 There is a lack of capacity in the nursing home system to meet current and future demand for nursing home beds. The average utilization rate of nursing home beds was almost 97% in 2014-2015. As the number of seniors continues to grow, there will be an increased demand for nursing home beds.

Long Waitlists for Nursing Home Beds

1.9 Due to the current demand for nursing home beds being well in excess of the Province’s capacity to provide them, there are long waitlists of provincial seniors waiting for accommodations. In 2014-2015, these individuals waited an average of almost four months for placement. The majority of people on the waitlists are doing their waiting in a hospital bed. In fact, they occupy about one of every five acute care beds in New Brunswick hospitals.

Cost of Nursing Home Services Exceeding Provincial Expenditure Growth Average, and May Get Worse

1.10 Further, between 2000-2001 and 2015-2016, the budget for nursing home services almost tripled, far outpacing the overall growth of the Province’s expenditures during the same period. Nursing home infrastructure is also aging, and required significant expenditures in maintenance, repair and renewal (estimated by the Department of Social Development to be $285 million) just to maintain service at its current level.

Nursing Home System is Not Sustainable

1.11 I believe that significant changes are required to create a sustainable nursing home system in the Province. My Office has recommended the Department of Social Development develop a comprehensive long term plan as a starting point in addressing this critical issue.
In our audit of Public Trustee Services we identified a number of issues that serve to limit the effectiveness of that office in fulfilling its mandate.

Most concerning is the lack of an adequate case management information system to allow staff to do their work efficiently, and produce appropriate reporting for management use and public reporting. I was also very concerned that the current legislative framework creates significant impediments to the ability of the Public Trustee to administer the affairs of clients under its care. It creates gap periods during which the Public Trustee has no ability to act on behalf of its clients. Finally, there are some significant control weaknesses that must be remedied. All of these issues are addressed in my Office’s recommendations.

Our most significant finding from our audit of Agricultural Fair Associations was that there is no oversight, supervision or control from the Department of Agriculture, Aquaculture and Fisheries (DAAF) as prescribed by legislation. In our opinion DAAF remains responsible for supervision and control of these entities.

Further, by virtue of being classified as Agriculture Fair Associations, the thirteen entities can be exempted from property taxes and income taxes and may also meet charitable gaming requirements. We found Service New Brunswick (SNB) does not assess or monitor agriculture fair association eligibility for property tax exemptions; Public Safety does not review or monitor ongoing eligibility to conduct gaming events under the Charitable Gaming Program and the Department of Finance relies on the Federal Canada Revenue Agency to assess continued eligibility for income tax exemptions.

SNB granted over $50 million in property tax exemptions to Class 50 properties in 2015 (which include Agricultural Fair Associations, along with many other organizations). However, based upon our testing of Agricultural Fair Associations, SNB does not adequately evaluate, document the initial eligibility for, or periodically
review the continued eligibility of, the organizations that receive these property tax exemptions. Consequently, there is a risk that ineligible properties are being treated as exempt from property tax by SNB.

1.18 We have recommended Service New Brunswick develop, document, and implement a standardized process and procedures to evaluate the eligibility of requests for property tax exemptions (tax class 50) and undertake regular monitoring to ensure organizations with exemptions have sustained their eligible status.

Acknowledgements 1.19 Staff in my Office worked very hard in carrying out the work reported upon in this volume of our Report. The individual chapters of this report are a reflection of their level of commitment, professionalism and diligence. I would like to express my appreciation to each for their contribution and continuing dedication to fulfilling the mandate of the Auditor General of New Brunswick.

Kim MacPherson, CPA, CA
Auditor General