

Chapter 4

Risks Exist in Government's Oversight of Crown Agencies – Executive Council Office

Contents

Chapter Summary.....	129
Key Findings and Observations Table.....	130
Recommendations and Responses.....	131
Government's Oversight of Crown Agencies.....	133
Conclusions.....	134
Executive Council Office and Crown Agency Compliance with Oversight Legislation.....	141
Oversight of Crown Agencies by the Public Accounts Committee (PAC) and the Minister Responsible.....	149
Appendix I – Summary of Key Stakeholders in the Accountability Process and Summary of the <i>Accountability and Continuous Improvement Act</i>	152
Appendix II – List of Crown Agencies which Follow the <i>Accountability and Continuous Improvement Act</i>	155
Appendix III – Summary of the <i>Regional Health Authorities Act</i>	156



Risks Exist in Government's Oversight of Crown Agencies – Executive Council Office

Report of the Auditor General – Volume I, Chapter 4 – October 2021

Why Is This Important?

Risks exist if the tools used in government's oversight of Crown agencies do not contain the information required by legislation:

- The best interests of New Brunswickers may not be served.
- The government and the public may not be fully informed on whether or not Crown agencies are meeting their mandated priorities and objectives such as the delivery of health care or economic development programs, etc.

Overall Conclusion

- We found overall, the Executive Council Office and most Crown agencies did not comply with all of the requirements of the *Accountability and Continuous Improvement Act* when preparing critical documents needed for oversight.

What We Found

ECO Does Not Monitor if Crown Agencies Comply with Legislation

- The Executive Council Office does not monitor if annual plans or annual reports comply with the *Accountability and Continuous Improvement Act*
- The Executive Council Office has a mandate to “monitor the on-going progress in achieving government objectives.”

The *Accountability and Continuous Improvement Act* Legislates:

- three critical documents to be prepared for government oversight: mandate letters, annual plans and annual reports; and
- what should be included in each critical document and who should prepare and approve each critical document.

But, the Act is silent when it comes to monitoring annual plans and annual reports for compliance with the Act.

Critical Oversight Documents: Missing Required Legislated Information

- *Mandate letters* were not issued or issued late: Crown agencies may not be aware of government priorities and objectives or may not be able to implement them in a timely manner
- *Mandate letters* did not contain all the information required by legislation: Crown agencies may not have been fully informed of government priorities and objectives
- *Annual plans* did not fully contain the priorities and objectives included in the mandate letter: Crown agencies may not be considering how they will implement government priorities and objectives
- *Annual reports* did not fully contain results of how government priorities and objectives were met: Government and New Brunswickers may be unable to see if Crown agencies carried out government priorities and objectives

Key Findings and Observations Table

Risks Exist in Government's Oversight of Crown Agencies Executive Council Office

Paragraph	Key Findings and Observations
	The Accountability and Continuous Improvement Act
4.15	<i>The Accountability and Continuous Improvement Act sets out an annual oversight and accountability cycle for the majority of Crown agencies to follow</i>
4.16	<i>Mandate letters, annual plans and annual reports are critical tools in the oversight and accountability cycle</i>
4.23	<i>The Accountability and Continuous Improvement Act sets out critical documents and the role of key stakeholders</i>
4.24	<i>The Accountability and Continuous Improvement Act is silent when it comes to monitoring mandate letters, annual plans, and annual reports</i>
	What We Found: Mandate Letters
4.27	<i>Mandate letters are a collaborative process</i>
4.29	<i>We found five areas where ECO <u>complied</u> with the Accountability and Continuous Improvement Act</i>
4.31	<i>We found three areas where ECO <u>did not</u> comply with the Accountability and Continuous Improvement Act</i>
4.32	<i>Crown agencies prefer to receive their mandate letters well in advance of their fiscal year</i>
4.34	<i>Efforts are underway at the Executive Council Office to improve timing of mandate letters</i>
	What We Found: Annual Plans/Business Plans and Annual Reports
4.39	<i>We found annual plans/business plans and annual reports did not fully comply with Legislation and did not always align with the mandate</i>
4.22	<i>The Executive Council Office provides administrative services to Cabinet and is responsible to “monitor the on-going progress in achieving government objectives.”</i>
4.42	<i>The Executive Council Office does not monitor annual plans/business plans and annual reports for compliance with legislation</i>
4.43	<i>Government and the public may not be fully informed whether Crown agencies are meeting their mandated priorities and objectives</i>
4.44	<i>The Executive Council Office has no formal process to track if Crown agencies file their annual reports</i>

Recommendations and Responses

Recommendation	Department's response	Target date for implementation
We recommend the Executive Council Office (in its role to support the Executive Council):		
4.36 prepare, recommend for Ministerial approval, and issue mandate letters to Crown agencies with sufficient time (such as six months in advance) to enable Crown agencies to plan their upcoming fiscal year and address government priorities and objectives.	<i>ECO has undertaken work with Crown agencies and departments to improve the process.</i>	<i>Implemented</i>
4.37 ensure mandate letters contain all information required by the <i>Accountability and Continuous Improvement Act</i> , such as including performance expectations, prior to Ministerial approval.	<i>ECO has worked to ensure performance expectations are included.</i>	<i>Implemented</i>
4.45 collaborate with the responsible Minister, department and Crown agency to review Crown agency annual plans/business plans to ensure they comply with the <i>Accountability and Continuous Improvement Act</i> (or other relevant legislation such as the <i>Regional Health Authorities Act</i>) before the documents are approved by the Minister responsible.	<i>While ECO is in agreement to collaborate in an oversight role to ensure compliance, it is important that departments play the main role related to the review of annual plans and annual reports.</i>	<i>Work is in progress to be completed 2021</i>

Recommendations and Responses - continued

Recommendation	Department's response	Target date for implementation
We recommend the Executive Council Office (in its role to support the Executive Council):		
4.46 collaborate with the responsible Minister, department and Crown agency to review Crown agency annual reports to ensure they comply with the <i>Accountability and Continuous Improvement Act</i> (or other relevant legislation such as the <i>Regional Health Authorities Act</i>) before the documents are approved by the Minister responsible.	<i>While ECO is an agreement to collaborate in an oversight role to ensure compliance, it is important that departments play the main role related to the review of annual plans and annual reports.</i>	<i>Work is in progress to be completed 2021</i>
4.47 develop and implement a formal process to monitor if Crown agencies file annual reports with the Clerk of the Legislative Assembly in the time frame specified by the <i>Accountability and Continuous Improvement Act</i>.	<i>ECO has formalized its approach with the Clerk of the Legislative Assembly to monitor if Crown agencies file their reports on time.</i>	<i>Implemented</i>

Government's Oversight of Crown Agencies

Government oversight is necessary to ensure government priorities and objectives along with the associated programs and services are carried out as intended

4.1 Government oversight of Crown agencies and departments is needed to ensure government priorities and objectives are being carried out as intended. For example, government could introduce new programs, such as increasing access to affordable housing or the number of beds in hospitals. Without proper government oversight, these new programs may not be carried out as intended. Effective oversight is the foundation of good governance practices.

Why we chose this topic

4.2 Given the significance of the oversight process, we wanted to determine if government oversight exists with respect to Crown agencies and complies with the *Accountability and Continuous Improvement Act* and the *Regional Health Authorities Act* as intended.

Objectives and Scope of Our Work

Objectives

4.3 The objectives of our work were to determine if:

- The Executive Council Office (in its role to support the Executive Council) complies with the *Accountability and Continuous Improvement Act* with regards to mandate letters;
- Crown agencies comply with the *Accountability and Continuous Improvement Act* with regards to annual plans and annual reports (or for the two regional health authorities, that they comply with *Regional Health Authorities Act* with regards to their business plans and annual reports); and
- Crown agencies appear before the Public Accounts Committee (PAC) and report to their Minister responsible on their progress in implementing government priorities and objectives.

Scope of Work

4.4 To obtain evidence to support our findings and recommendations, we:

- conducted interviews with staff from the Executive Council Office and staff from the Legislative Assembly; and
- reviewed and analysed documentation and relevant legislation.

We surveyed 13 Crown agencies for their 2019 fiscal year

4.5 We also surveyed 13 Crown agencies in November 2019 (prior to the COVID-19 pandemic) to determine if legislated government oversight processes were in place for the 2019 fiscal year. We surveyed the following Crown agencies:

- Collège communautaire du Nouveau-Brunswick (CCNB);
- Financial and Consumer Services Commission (FCSC);
- Horizon Health Network (Horizon);
- Kings Landing Corporation (KLC);
- New Brunswick Community College (NBCC);
- New Brunswick Liquor Corporation (ANBL);
- New Brunswick Power Corporation (NB Power);
- New Brunswick Research and Productivity Council (RPC);
- Opportunities New Brunswick (ONB);
- Regional Development Corporation (RDC);
- Réseau de santé vitalité (Vitalité);
- Service New Brunswick (SNB); and
- Worksafe NB

Conclusions

ECO did not always comply with the Act

4.6 We found the Executive Council Office (ECO) did not always comply with the *Accountability and Continuous Improvement Act* (the Act) with regards to:

- the timing of when ECO issues mandate letters to Crown agencies; and
- the content ECO includes in mandate letters, such as including performance expectations.

Crown agencies did not fully comply with the Act¹

4.7 We found, overall, Crown agencies did not fully comply with the *Accountability and Continuous Improvement Act* (or the *Regional Health Authorities Act* in the case of the two regional health authorities) with regards to:

- the content Crown agencies included in their annual plans/business plans and annual reports, such as including the priorities and objectives from the mandate letter; and
- posting annual plans online.

¹ In the case of the two regional health authorities, the *Accountability and Continuous Improvement Act* does not apply. The *Regional Health Authorities Act* serves as the accountability document.

No one is monitoring if annual plans/business plans and annual reports comply with the Act²

4.8 We found no one is monitoring if Crown agency annual plans/business plans and annual reports comply with the requirements of the *Accountability and Continuous Improvement Act* (or the *Regional Health Authorities Act* in the case of the two regional health authorities).

Crown agencies appear before PAC and reported they regularly communicate with their Minister

4.9 We also found Crown agencies:

- appear before the Public Accounts Committee (PAC) when requested, however, PAC has not called all Crown agencies to appear every year; and
- reported to us in their surveys that they regularly communicate with their Minister responsible regarding their progress in implementing government priorities and objectives.

The Act² is essential to ensuring effective oversight of Crown agencies

4.10 Given PAC may not be able to provide timely oversight of all entities every year, the accountability cycle outlined in the *Accountability and Continuous Improvement Act* (the Act) (or the *Regional Health Authorities Act* in the case of the regional health authorities) is even more essential to ensuring effective oversight of Crown agencies.

4.11 In our view, the following processes are critical to ensuring effective oversight of Crown agencies:

- preparing and issuing mandate letters which include information required by the Act;
- preparing and issuing mandate letters in a timely manner to allow Crown agencies time to plan their upcoming year;
- preparing and monitoring annual plans/business plans and annual reports to ensure they include information required by the Act²; and
- providing ongoing oversight of the Crown agency by the Minister responsible.

We have made five recommendations to the Executive Council Office

4.12 We have made five recommendations to the Executive Council Office (in its role to support the Executive Council) to help ensure Crown agency mandate letters, annual plans/business plans and annual reports comply with the *Accountability and Continuous Improvement Act* (or the *Regional Health Authorities Act* in the case of the regional health authorities).

² In the case of the two regional health authorities, the *Accountability and Continuous Improvement Act* does not apply. The *Regional Health Authorities Act* serves as the accountability document.

Who Provides Oversight?

Oversight and accountability defined

4.13 *Oversight* refers to the process of monitoring entities along with reviewing their strategic plans, programs, and projects to ensure they:

- are achieving expected results;
- represent good value for money; and
- comply with applicable policies, laws, regulations and ethical standards.³

Accountability means being responsible to those who provide this oversight.

Many stakeholders provide oversight

4.14 Oversight of Crown agencies in New Brunswick is provided by several different stakeholders, the main ones being:

- the Legislature;
- the Public Accounts Committee (PAC);
- Ministers responsible for the Crown agencies; and
- the Executive Council.

The Auditor General supports the oversight process by reporting to the Legislative Assembly through the Public Accounts Committee, on the results of audits of Crown agencies.

The Accountability and Continuous Improvement Act sets out an annual oversight and accountability cycle

4.15 The *Accountability and Continuous Improvement Act* (the Act) was introduced in 2013 to formalize the oversight and accountability processes of Crown agencies. The Act legislates an annual oversight and accountability cycle for the majority of Crown agencies to follow. Refer to Appendix II for a list of Crown agencies who are required to follow the Act. The steps in this cycle produce three different documents, or tools to help the Legislature, PAC, Ministers and the Executive Council, provide consistent, efficient and effective oversight of Crown agencies. The three critical documents are:

- a mandate letter;
- an annual plan; and
- an annual report.

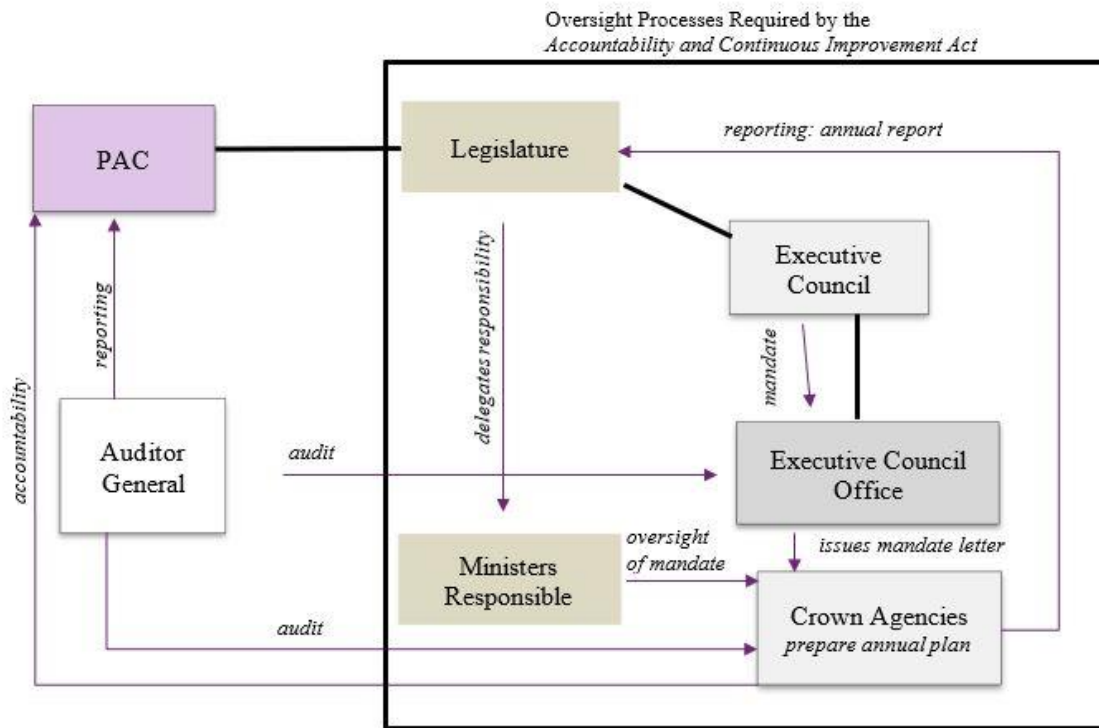
³ Canadian Audit & Accountability Foundation, *Practice Guide to Auditing Oversight* (2013) 8

Mandate letters, annual plans and annual reports are critical documents in the oversight and accountability cycle

4.16 Mandate letters, annual plans and annual reports are critical documents in the annual oversight and accountability cycle. These documents provide information on each Crown agency's mandate (directives from government), annual plan (how the Crown agency will deliver on these directives/mandate) and annual report (how the Crown agency did on achieving its mandate). The Act requires these documents be prepared in a similar manner and format for each Crown agency; this helps with the efficiency of the oversight and accountability process.

4.17 Exhibit 4.1 shows the relationship of the key stakeholders who provide oversight of Crown agencies and what oversight processes are required by the Act.

Exhibit 4.1 - Oversight Relationship – Key Stakeholders



Source: Prepared by AGNB with information provided from the Canadian Audit and Accountability Foundation

Legislature provides oversight by ensuring Crown agencies implement policies and programs

4.18 The Legislature is ultimately accountable to the people of New Brunswick. The Legislature provides oversight by “ensuring that governments implement policies and programs in accordance with the wishes and intent of the Legislature.”⁴

It does this by appointing a Public Accounts Committee and delegating responsibility for overseeing specific Crown agencies.

PAC provides oversight by calling Crown agencies to appear before it

4.19 The Public Accounts Committee (PAC) is a standing (i.e. permanent) committee of the Legislature that provides oversight by calling Crown agencies to appear before it. At these hearings, PAC holds Crown agencies to account for implementing government’s priorities and objectives. PAC also holds Crown agencies accountable to implement recommendations made by the Auditor General.

4.20 The Auditor General is appointed by the Lieutenant-Governor in Council and is responsible 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. The Auditor General tables reports with the Legislative Assembly and presents the results of these reports to PAC. Reports of the Auditor General are one source to help PAC provide oversight of Crown agencies.

Ministers provide oversight by taking responsibility for Crown agencies

4.21 Ministers provide oversight of their assigned Crown agencies and are responsible to ensure these entities properly carry out government’s priorities and objectives, i.e. government’s mandate. Ministers are provided support from the department responsible for each Crown agency.

The Executive Council Office supports the Executive Council

4.22 The Executive Council Office (ECO) supports the Executive Council (Cabinet). ECO provides administrative services to Cabinet and is responsible to “monitor the on-going progress in achieving government objectives.”⁵

⁴ Stapenhurst, Pelizzo, and Jacobs, 2014, p.5.

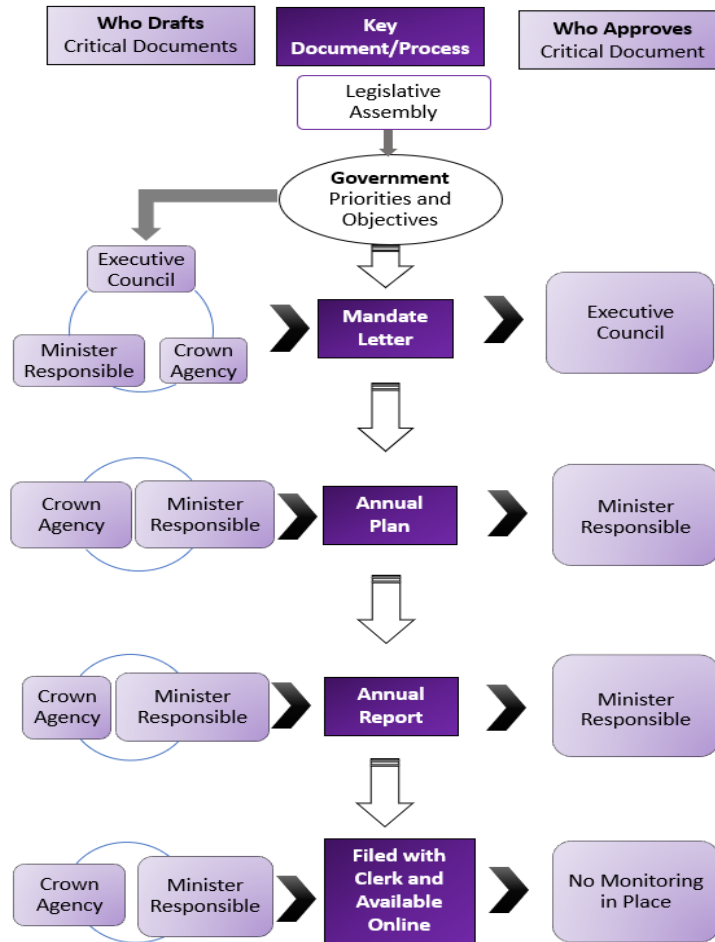
⁵ Executive Council Office website

https://www2.gnb.ca/content/gnb/en/departments/executive_council/contacts/dept_renderer.153.html#mandates

The Act sets out the critical documents and the roles of key stakeholders

4.23 Exhibit 4.2 shows the order the three critical documents required by the Act are prepared and the roles of the key stakeholders. Refer to Appendix I for a summary of what the Act requires for each of these critical documents and stakeholders.

Exhibit 4.2 - Critical documents and key stakeholders from the Accountability and Continuous Improvement Act



Source: Prepared by AGNB

* Ministers Responsible receive support from the department responsible for the Crown agency. For example, the Department of Post-Secondary Education, Training and Labour supports the Minister responsible for the two community colleges.

The Act is silent when it comes to monitoring mandate letters, annual plans and annual reports

4.24 As shown in Exhibit 4.2 and Appendix I, the Executive Council is required to approve the mandate letter and the Minister responsible is required to approve annual plans and annual reports. The Act is silent, however, when it comes to who is responsible for monitoring each of these documents. In our view, the Executive Council Office (in its role to support the Executive Council) should be responsible to provide oversight and monitor these documents by collaborating with the responsible Minister, department and Crown agency to ensure they are prepared as required by the Act.

Not all Crown agencies fall under the Act

4.25 Not all Crown agencies are subject to the *Accountability and Continuous Improvement Act*. The *Regional Health Authorities Act* legislates the oversight and accountability cycle for the two regional health authorities (Horizon and Vitalité health networks). This Act is closely aligned to the cycle in the *Accountability and Continuous Improvement Act*. As such, we have included both regional health authorities in our work where applicable.

Executive Council Office and Crown Agency Compliance with Oversight Legislation

4.26 In this section, we present the results of our audit work to determine if the Executive Council Office (ECO) and Crown agencies comply with the oversight required by the *Accountability and Continuous Improvement Act* or the *Regional Health Authorities Act*.

What We Found: Mandate Letters

Mandate letters are a collaborative process

4.27 Preparing mandate letters for each Crown agency is a collaborative process. It includes input from the Minister responsible for the Crown agency, the Board of Directors and staff of the Crown agency and the Executive Council Office. Once the mandate is established, the mandate letter is signed by the Minister responsible and then issued to the Crown agency by ECO. Refer to Appendix I for what the *Accountability and Continuous Improvement Act* requires to be included in each mandate letter.

Regional Health Authorities are not included in our work on mandate letters

4.28 The two regional health authorities are not included in our work regarding mandate letters as they do not receive a mandate letter under the *Accountability and Continuous Improvement Act* (the Act). Instead, the *Regional Health Authorities Act* outlines their strategic and operational direction similar to a mandate letter. Refer to Appendix III for what the *Regional Health Authorities Act* requires.

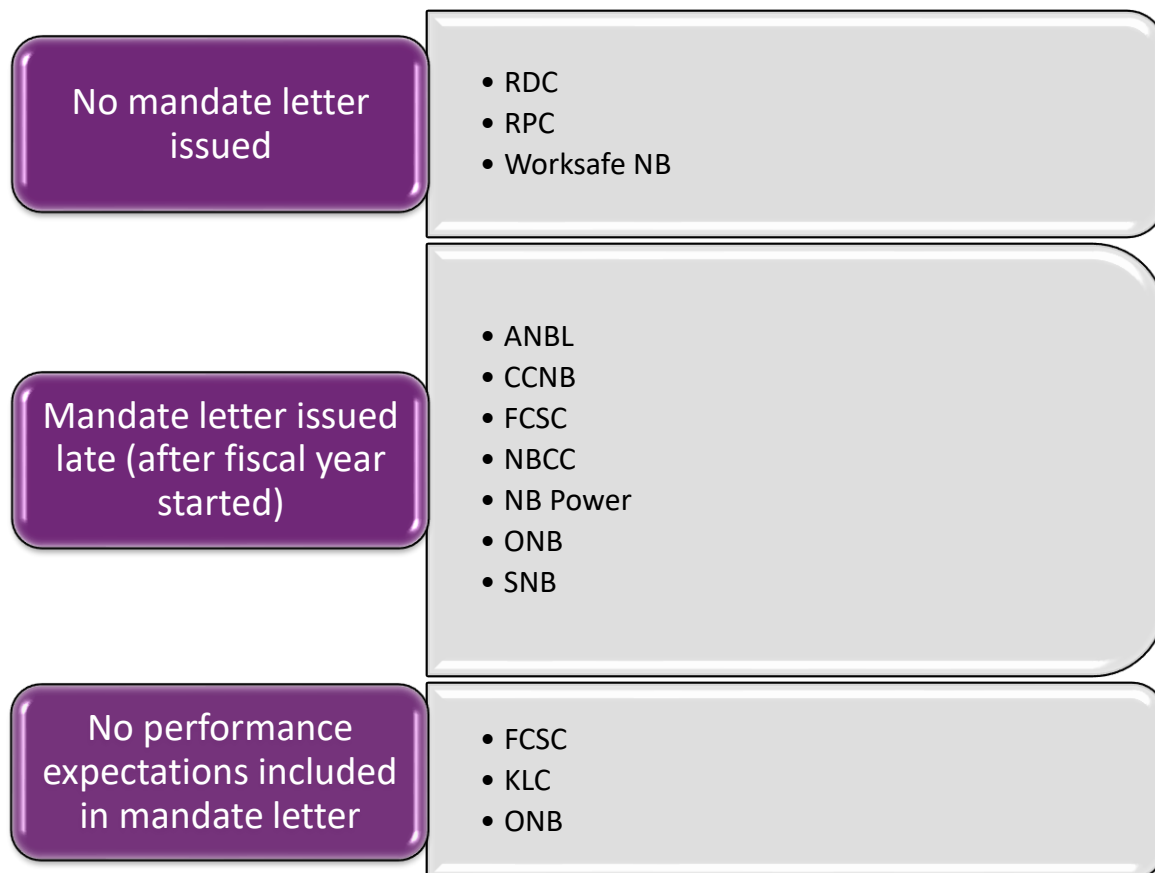
We found five areas where ECO complied with the Act

4.29 We found ECO complied with the Act in five areas when it issued the fiscal 2019 mandate letters to the eleven Crown agencies we selected for this work. ECO complied in the areas of:

- ✓ preparing mandate letters in an approved format;
- ✓ addressing mandate letters to the Chair of the Crown agency;
- ✓ including strategic and operational direction of the Crown agency;
- ✓ including other information (such as government-wide priorities); and
- ✓ ensuring mandate letters were approved by the Executive Council.

4.30 Exhibit 4.3, however, shows areas where ECO did not comply with the Act when it issued the fiscal 2019 mandate letters to the eleven Crown agencies we included in our work.

Exhibit 4.3 - Instances where ECO did not comply with the Act when it issued fiscal 2019 mandate letters



Source: AGNB compiled based on review of mandate letters

We found three areas where ECO did not comply with the Act

4.31 We make the following observations from Exhibit 4.3 where ECO did not comply with the Act when issuing mandate letters for 2019. We found:

- ! three instances where ECO did not issue a mandate letter;
- ! seven instances where ECO issued a mandate letter late, during the fiscal year in question; and
- ! three instances where the mandate letter did not contain performance expectations of the Crown agency.

Crown agencies prefer to receive their mandate letters well in advance of their fiscal year

4.32 Overall, Crown agencies responded to our survey that, in order to meet government objectives and priorities, mandate letters need to be received before they start their budget and planning process for the upcoming fiscal year. Ideally, this would be between nine and 12 months in advance. From our discussions with ECO, however, its staff indicated six months would be a more reasonable time frame to issue mandate letters given the changing priorities of government.

4.33 When surveyed, six of the 11 Crown agencies noted they did not receive their mandate letters in enough time (or at all) to plan for and accomplish the objectives and timelines outlined in the mandate letter. This delay may have impacted the Crown agencies' ability to carry out government priorities and meet government objectives.

Efforts are underway at ECO to improve timing of mandate letters

4.34 As part of our work, we found efforts are already underway at ECO to improve the timing of mandate letters. We make the following observations from our survey responses.

- ✓ In 2019, ECO had an accountability cycle project to improve the timing and content of mandate letters.
- ✓ ECO consulted with six of the 11 Crown agencies we surveyed to determine the best timing for mandate letters to be issued.
- ✓ Crown agencies generally responded favorably to the ECO project and found the process valuable.

4.35 We found for the 2021 fiscal year (starting April 2020), ECO issued mandate letters to Crown agencies in November 2019, five months in advance of the start of the fiscal year. This may have helped Crown agencies to address government priorities and objectives when planning their fiscal 2021 year. We are pleased to see ECO has identified this weakness in the timing of mandate letters and is taking steps to address it. In our view, continuing this practice will help ensure Crown agencies receive their mandate letters in enough time to address government priorities and objectives when planning their upcoming fiscal year.

Recommendations

4.36 We recommend the Executive Council Office (in its role to support the Executive Council) prepare, recommend for Ministerial approval, and issue mandate letters to Crown agencies with sufficient time (such as six months in advance) to enable Crown agencies to plan their upcoming fiscal year and address government priorities and objectives.

4.37 We recommend the Executive Council Office (in its role to support the Executive Council) ensure mandate letters contain all information required by the *Accountability and Continuous Improvement Act*, such as including performance expectations, prior to Ministerial approval.

What We Found: Annual Plans/Business Plans and Annual Reports

We examined annual plans/business plans and annual reports for 13 Crown agencies





4.38 We examined annual plans/business plans and annual reports to determine if Crown agencies prepared these documents to comply with the applicable legislation. We surveyed 11 Crown agencies who follow the *Accountability and Continuous Improvement Act* and two Crown agencies who follow the *Regional Health Authorities Act*. Exhibits 4.4 summarizes the results of our work.








Exhibit 4.4 - Summary of Crown Agencies Compliance with the Accountability and Continuous Improvement Act (the Act) or the Regional Health Authorities Act (RHA Act) with respect to Annual Plans/Business Plans and Annual Reports

Summary of Compliance with the Accountability and Continuous Improvement Act (the Act) with respect to 2019 Annual Plans and Annual Reports

Crown Agency (refer to paragraph 4.5)	Annual Plan			Annual Report			
	Prepared as Required by the Act (See Appendix I)	Includes Priorities and Objectives from 2019 Mandate Letter	Posted Online	Prepared as Required by the Act (See Appendix I)	Includes Priorities and Objectives from 2019 Mandate Letter	Posted Online	Filed with Clerk
CCNB	▲	▲	✓	▲	▲	✓	✓
FCSC	✓	▲	✓	◆	◆	✓	✓
KLC	●	▲	✗	▲	▲	✓	✓
NBCC	▲	▲	✓	◆	▲	✓	✓
NB Liquor	●	●	✗	▲	◆	✓	✓
NB Power	▲	▲	✗	◆	▲	✓	✓
ONB	●	●	✗	▲	▲	✓	✓
RDC	●	No Mandate Letter	✗	▲	No Mandate Letter	✓*	✓*
RPC	▲	No Mandate Letter	✗	◆	No Mandate Letter	✓	✓
SNB	✗	No Plan	No Plan	◆	▲	✓	✓
Worksafe NB	✗	No Mandate Letter and No Plan	No Plan	◆	No Mandate Letter	✓	✓

Summary of the Regional Health Authorities Compliance with the Regional Health Authorities Act (RHA Act) with respect to 2019 Business Plans and Annual Reports

Crown Agency (refer to paragraph 4.5)	Business Plan		Annual Report		
	Prepared as Required by the RHA Act (See Appendix III)	Posted Online	Prepared as Required by the RHA Act (See Appendix III)	Posted Online	Filed with Clerk
Horizon	 *	Not posted but not required to post		Posted but not required to post per the RHA Act	Filed but not required to file per the RHA Act
Vitalité	 *	Not posted but not required to post		Posted but not required to post per the RHA Act	Filed but not required to file per the RHA Act

Legend	
	100% of requirements met
	Late filing: RDC only filed its 2019 annual report on January 29, 2021
	75% - 99% of requirements met
	Both RHAs indicated that due to the number of existing programs, certain items, such as commercial arrangements, are only included in the business plan if they are new initiatives. We have still assessed these items as non-compliant.
	50% - 74% of requirements met
	<50% requirements met
	Document not prepared or posted online
No Plan	Not applicable as document was not prepared
No Mandate Letter	Not applicable as document was not prepared

Annual plans/business plans and annual reports did not fully comply with the Act⁶ and did not always align with the mandate

4.39 As shown in Exhibit 4.4, Crown agencies did not fully comply with the Act⁶ when preparing annual plans/business plans and annual reports. Crown agencies who follow *the Accountability and Continuous Improvement Act* did not include all of the priorities and objectives from their mandate letters in their annual plans and annual reports.

4.40 From Exhibit 4.4, we make the following observations regarding annual plans/business plans and annual reports.

Annual Plans/Business Plans

- ! Two Crown agencies did not prepare annual plans.
- ! No annual plans/business plans fully complied with the Act⁶.
- ! No annual plans fully included the mandate.
- ! Only three annual plans were posted online.

Annual Reports

- ! One Crown agency did not file its 2019 annual report until 2021.
- ! Only two annual reports fully complied with legislation.
- ! No annual reports fully included government priorities and objectives noted in the mandate letter.
- ✓ All annual reports were prepared.
- ✓ All annual reports were posted online.
- ✓ All annual reports were filed with the Clerk of the Legislative Assembly.

Some annual plan and annual report information is presented elsewhere

4.41 We discussed our findings regarding annual plans and annual reports with some of the Crown agencies we surveyed. We were informed some Crown agencies present required information in other documents. In our view, presenting information in other documents does not relieve Crown agencies of the need to include the information in the annual plan or annual report as required by the Act. For example, we found the following.

Annual Plan: Some Crown agencies presented some of the required information in a long-range strategic plan instead of

⁶ In the case of the two regional health authorities, the *Accountability and Continuous Improvement Act* does not apply. The *Regional Health Authorities Act* serves as the accountability document.

the annual plan. A long-range document may not indicate which targets or goals will be the focus of the upcoming year.

Annual Report: Some Crown agencies publish some of the required information in other documents such as Board sub-committee reports.

ECO does not monitor annual plans/business plans and annual reports for compliance with the Act⁷

4.42 From our discussions with ECO, we were informed ECO does not monitor if Crown agencies' annual plans/business plans and annual reports comply with the Act⁷. ECO noted its role in the accountability process ends once it has provided mandate letters to Crown agencies. Given ECO has the mandate to “*monitor the on-going progress in achieving government objectives*”⁸, in our view, ECO still has a role to play in the accountability cycle by providing oversight and monitoring if annual plans/business plans and annual reports contain the information required by legislation. This oversight and monitoring will help ensure all legislated information is included future annual plans/business plans and annual reports.

Government and the public may not be fully informed whether Crown agencies are meeting their mandated priorities and objectives

4.43 Without proper monitoring to ensure oversight documents contain the legislated information, the risk increases that gaps may exist in future oversight processes. As a result, the government and the public may not have all of the information necessary to be fully informed on whether or not Crown agencies are meeting their mandated priorities and objectives such as the delivery of health care or economic development programs, etc.

ECO has no formal process to track if Crown agencies file their annual reports

4.44 Although all annual reports were filed with the Clerk of the Legislative Assembly, we found ECO has no formal process to monitor if Crown agencies file their annual reports as required with the timeframe specified in the Act. From our discussions with staff at ECO, however, we found they do have an informal process in place.

⁷ In the case of the two regional health authorities, the *Accountability and Continuous Improvement Act* does not apply. The *Regional Health Authorities Act* serves as the accountability document.

⁸ Executive Council Office website
https://www2.gnb.ca/content/gnb/en/departments/executive_council/contacts/dept_renderer.153.html#man_dates

Recommendations

4.45 We recommend the Executive Council Office (in its role to support the Executive Council) collaborate with the responsible Minister, department and Crown agency to review Crown agency annual plans/business plans to ensure they comply with the *Accountability and Continuous Improvement Act* (or other relevant legislation such as the *Regional Health Authorities Act*) before the documents are approved by the Minister responsible.

4.46 We recommend the Executive Council Office (in its role to support the Executive Council) collaborate with the responsible Minister, department and Crown agency to review Crown agency annual reports to ensure they comply with the *Accountability and Continuous Improvement Act* (or other relevant legislation such as the *Regional Health Authorities Act*) before the documents are approved by the Minister responsible.

4.47 We recommend the Executive Council Office (in its role to support the Executive Council) develop and implement a formal process to monitor if Crown agencies file annual reports with the Clerk of the Legislative Assembly in the time frame specified by the *Accountability and Continuous Improvement Act*.

Oversight of Crown Agencies by the Public Accounts Committee (PAC) and the Minister Responsible

4.48 In this section, we present information regarding the government oversight provided by the Minister responsible and PAC. See Exhibit 4.1 for an overview of this process.

PAC also provides oversight of Crown agencies

4.49 Appearing before PAC is one of the most important steps in the oversight process. PAC typically holds hearings once per year and calls Crown agencies to appear before it. At these hearings, PAC questions Crown agencies on their effectiveness in delivering programs and services, as well as implementing policies.

Regular communication between Ministers and Crown agencies also provides another level of oversight

4.50 Regular communication between Ministers and Crown agencies also provides another level of oversight. This type of oversight is typically timelier, can be provided on a regular or ad-hoc basis and, as a result, can be more proactive than oversight provided by PAC.

4.51 As part of our work, we asked Crown agencies to provide information on when they last appeared before PAC

and on which fiscal years they were questioned. We also asked Crown agencies to provide information on how frequently they report to their Minister responsible. Exhibit 4.5 summarizes this information.

Exhibit 4.5 - Summary of Crown Agencies' Reporting Activity (as of December 2019)(unaudited)

Crown Agency (refer to paragraph 4.5)	How Often the Crown Agency Reports to Minister Responsible (unaudited)	How Often the Crown Agency Appears before PAC (unaudited)	When the Crown Agency Last Appeared before PAC (unaudited)	Most Recent Crown Agency Results Presented to PAC (fiscal year) (unaudited)
CCNB	Annually	As requested	October 5, 2017	2016
FCSC	Quarterly reporting and regular meetings	Annually	October 5, 2017	2016 and 2017
Horizon	Annually and bi- weekly	Annually, but PAC does not always meet annually	October 31, 2019	2019
KLC	Annually	Annually	October 31, 2019	2013, 2014, 2015, 2016, 2017, and 2018
NBCC	Semi-annually	Annually	October 30, 2019	2016, 2017, 2018 and 2019
NB Liquor	Annually, quarterly, and as required	Annually	November 5, 2019	2018 and 2019
NB Power	Annually, quarterly, and ad-hoc briefings	Annually and on request	February 5, 2019, with follow up on November 1, 2019	2017 and 2018
ONB	Weekly	Annually	January 31, 2019	2018
RDC	Weekly	Annually	Has not been called to PAC in past two years	Has not been called to PAC in past two years
RPC	As requested prior to November 19	As requested prior to November 19	November 6, 2019	2018 and 2019
SNB	Annually	Annually	January 31, 2019	2017 and 2018
Vitalité	Regular meetings, more frequently than monthly	Annually	November 1, 2019	2019
Worksafe NB	Semi-annually	Annually	February 1, 2019	2017

Source: Prepared by AGNB using information provided by Crown agencies

All Crown agencies stated they regularly report to their Minister responsible

4.52 We note from Exhibit 4.5, not all Crown agencies appear before PAC every year. Given PAC must hold many Crown agencies and government departments (entities) to account, PAC may not have time to call each entity every year to appear before it.

4.53 Regular oversight by the Minister responsible is needed (through means such as regular meetings and approval of the critical documents discussed in this Chapter) and especially in years when PAC is not able to call all Crown agencies.

4.54 We noted from Exhibit 4.5, all Crown agencies responded to our survey stating they regularly report to their Minister responsible on their progress in implementing government priorities and objectives. As noted in Exhibit 4.5, however, we have not audited this information.

Appendix I

Summary of Key Stakeholders in the Accountability Process and Summary of the *Accountability and Continuous Improvement Act*

Key Stakeholders in the *Accountability and Continuous Improvement Act*:

- **Executive Council (Cabinet):** provides direction to ECO of the contents of mandate letters (considers speech from the throne, government priorities, budget, etc.) and approves mandate letters.
- **ECO (from direction of Cabinet):** prepares mandate letters in consultation with Ministers and Crown agencies
- **Ministers:** approve the annual plan, approve the annual report
- **Crown agencies:** prepare an annual plan, prepare an annual report

Mandate Letter:***Sets Out Government Priorities and Objectives***

- Mandate letters must be prepared by the responsible Minister within a time prescribed by Executive Council.
- Mandate letters shall be in the form approved by Executive Council, which form may be different for different Crown bodies.
- Mandate letters shall be addressed to the Chair of the Crown body, if any, and shall include:
 - strategic and operational direction within the authority of the Minister responsible;
 - performance expectations; and
 - any other information required by the Executive Council.
- Mandate letters shall be approved by Executive Council.
- Mandate letters shall be provided to Crown agencies before the Crown agency prepares its annual plan.

Continued on following page.

Appendix I – *continued***Summary of Keystakeholders in the Accountability Process and Summary of the *Accountability and Continuous Improvement Act*****Annual Plan:*****Sets Out How Government Priorities and Objectives Will Be Met***

- Each Crown agency shall prepare an annual plan in the form approved by Executive Council, which form may be different for different Crown agencies.
- Annual plans should include:
 - goals and objectives to be met during the time period covered by the plan taking into account:
 - strategic direction of the government in the area of the Crown agency's mandate, as communicated by the Minister responsible;
 - Crown agency's mandate as set out in the Act or other instrument creating it; and
 - financial resources of the Crown agency.
 - objective performance measures specific to the goals and objectives set out in the plan;
 - a statement the Minister or Chair responsible is accountable for preparing the plan and achieving its goals and objectives; and
 - any other information prescribed by regulation, if any.
- Annual plans shall be submitted to the responsible Minister on or before a date determined by Executive Council and signed by the responsible Minister or Chair.
- The Minister responsible shall approve an annual plan if it is satisfied that the plan keeps with:
 - strategic direction of the government in the area of the Crown agency's mandate, as communicated by the Minister responsible;
 - mandate of the Crown agency; and
 - financial resources of the Crown agency.
- Annual plans must be published on the applicable department's website no later than 3 months after the beginning of the fiscal year of the plan.

Continued on following page.

Appendix I – *continued*Summary of Keystakeholders in the Accountability Process and Summary of the *Accountability and Continuous Improvement Act***Annual Report:*****Reports on if Government Priorities and Objectives Were Met***

- Each Crown agency shall prepare an annual report on its preceding fiscal year in a form approved by the Executive Council.
- Annual reports should include:
 - audited financial statements;
 - a comparison of actual results to projected results (as set out in the annual plan) and explanations of any variances; and
 - a statement the Minister responsible is accountable for preparing the report and achieving the specific goals and objectives of the report.
- Crown agencies provide the annual report to the responsible Minister for signature and approval on or before a date fixed by Executive Council.
- Annual report shall be filed with the Clerk of the Legislative Assembly before a date prescribed by regulation.
- Annual reports must be published on the website of the Minister responsible.

Source: Prepared by AGNB.

Appendix II

List of Crown Agencies which Follow the *Accountability and Continuous Improvement Act*

Arts Development Trust Fund
Collège communautaire du Nouveau-Brunswick
EM/ANB Inc.
Environmental Trust Fund
Financial and Consumer Services Commission
Forest Protection Limited
Kings Landing Corporation
New Brunswick Arts Board
New Brunswick Combat Sport Commission
New Brunswick Community College
New Brunswick Credit Union Deposit Insurance Corporation
New Brunswick Economic and Social Inclusion Corporation
New Brunswick Energy Marketing Corporation
New Brunswick Health Council
New Brunswick Highway Corporation
New Brunswick Housing Corporation
New Brunswick Legal Aid Services Commission
New Brunswick Liquor Corporation
New Brunswick Lotteries and Gaming Corporation
New Brunswick Municipal Finance Corporation
New Brunswick Power Corporation
New Brunswick Research and Productivity Council
New Brunswick Women's Council
Opportunities New Brunswick
Regional Development Corporation
Service New Brunswick
Workplace Health, Safety and Compensation Commission

Appendix III

Summary of the *Regional Health Authorities Act*

Responsibilities of Regional Health Authority

- A regional health authority shall provide for the delivery of health services in and shall administer health services in the region for which it is established
- A regional health authority shall:
 - Determine the health needs of the population it serves;
 - Determine the priorities in the provision of health services for the population it serves; and
 - Allocate resources according to the regional health and business plan

Annual Report

- The annual report shall contain:
 - Report on the activities of the regional health authority;
 - Report on the performance of the authority in relation to the performance targets set by the Minister;
 - Summary of the audited financial statements;
 - Summary of the budgeted and actual revenues and the anticipated and actual expenditures;
 - Report on the salaries paid to senior management; and
 - Any other information prescribed by the regulations

Continued on following page.

Appendix III – *continued*Summary of the *Regional Health Authorities Act***Regional Health and Business Plan**

- A regional health authority shall prepare and submit to the Minister, within the time and in the form specified by the Minister, a proposed regional health and business plan that includes:
 - Principles on which the provision of health services by the regional health authority are to be based;
 - Objectives and priorities for the provision of health services to meet the needs in the health region and, of persons in other parts of the Province when applicable;
 - Health services to be delivered and administered and where the services are to be provided;
 - Nature and scope of research initiatives in relation to health care and health services;
 - Programs for training of persons in the medical or other health professions, including practice settings;
 - Means by which persons outside the region will be able to access the provincial programs for the provision of health services that are delivered by the authority;
 - Methods by which performance in the delivery and administration of health services will be measured;
 - Initiatives respecting the delivery of health services that will involve the spending of money from foundations, trusts or other funds;
 - Any commercial arrangements or ventures in which the regional health authority participates or proposes to participate;
 - A comprehensive financial plan, including:
 - Statement of how resources will be allocated to meet the regional health authority's objectives and priorities;
 - Statement of how the authority proposes to eliminate or reduce a deficit, if it has one; and
 - Details of all investment's health by the authority or on its behalf
 - Any other matter prescribed by regulation
- A regional health authority shall prepare a plan for a period covering three fiscal years and shall review and update the plan each year for the forthcoming three fiscal years

Source: Prepared by AGNB.