

REPORT OF THE

# Auditor General of New Brunswick

Volume I  
Performance Audit

2024

AUDITOR GENERAL  
OF NEW BRUNSWICK



VÉRIFICATEUR GÉNÉRAL  
DU NOUVEAU-BRUNSWICK

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Speaker of the Legislative Assembly  
Province of New Brunswick

Sir,

As required under section 15(1) of the *Auditor General Act* I am submitting Volume I of my Office's 2024 Report to the Legislative Assembly.

Respectfully submitted,

Paul Martin, FCPA, FCA  
Auditor General

Fredericton, N. B.  
June 2024





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## Chapter 1 - Auditor General's Comments

Our 2024 Volume I report, includes four performance audit chapters:

- Travel Nurse Contracts
- Pupil Transportation
- New Brunswick Housing Strategy: Housing for All
- Mental Health Trust Fund No.9

### Travel Nurse Contracts

Between February 2022 and February 2024, travel nurse contracts were used to provide over \$173 million of services in the Department of Social Development, Horizon Health Network and Vitalité Health Network. Our work found that a lack of clearly defined vendor selection processes, poor contract oversight and deficiencies in payment review processes resulted in undue risk to the province. Improvements in these areas will help ensure contracts protect the interests of the province and that processes are improved to ensure services billed are received.

### Pupil Transportation

As the safety of New Brunswick's public school students is important to parents and guardians throughout the province, we chose to audit the Department of Education and Early Childhood Development's oversight of school district compliance with legislation and policies relating to pupil transportation, and the Department's strategies to ensure sufficient staffing levels of bus drivers. Our audit found there is a lack of departmental monitoring and oversight of Districts and instances of non-compliance with legislation and policies.

### New Brunswick Housing Strategy: Housing for All

New Brunswick Housing Corporation released the *New Brunswick Housing Strategy: Housing for All* in June 2023, highlighting four overall targets and 22 actions intended to solve the province's housing crisis. We found that while the New Brunswick Housing Corporation established targets and measurable actions, there are improvements to be made in transparency, monitoring and progress reporting.

### Mental Health Trust Fund No. 9

The Mental Health Trust Fund No.9, established in 1977, is designated for psychoanalysis treatment of deserving New Brunswickers. The terms of the trust assigned responsibilities to the Departments of Health and Finance and Treasury Board. Our audit found that while the Department of Finance and Treasury Board had been effectively fulfilling their obligations pertaining to the Trust, the Department of Health had not, leaving a financial resource to address a pressing societal need unused for more than 46 years.

### Recognition

We would like to recognize departmental staff for their assistance as we completed our work for this report. I also want to thank my audit team for their dedication and professionalism in fulfilling the mandate of the Office of the Auditor General of New Brunswick.



Paul Martin, FCPA, FCA  
Auditor General



# **Travel Nurse Contracts**

**Department of Social Development, Horizon Health  
Network, Vitalité Health Network**







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# 2024 Volume I

## Chapter 2 Highlights

Lack of oversight	Undue risks to the province	Lack of vendor selection processes
Government spent over \$173 Million on travel nurse contracts as of February 29, 2024		

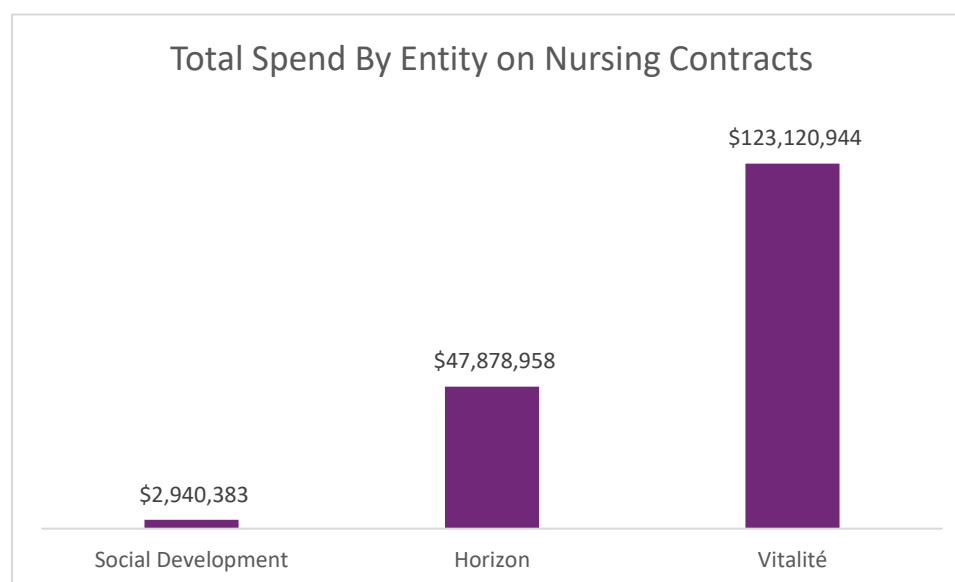
### Overall Themes

Overall themes noted in our work were:

- Covid-19 exacerbated an already dire health care staffing shortage
- poor documentation pertaining to vendor selection processes
- noted risks to government pertaining to contract development, content and execution
- lack of demonstrated value for money
- inadequate oversight of contracts
- lack of processes to ensure goods and services paid for were received

## About the Audit

- 2.1** The contracting of private companies to provide nursing related services in New Brunswick began in February of 2022. As of February 29, 2024, government has paid \$173,940,285 to these companies for the provision of registered nurses (RNs), licensed practical nurses (LPNs), personal support workers (PSWs) and various other staff within hospital and long-term care settings.
- 2.2** The Department of Health did not enter into any contracts for the use of travel nurses during our audit period. The following graph shows total travel nursing contract expenditures by organization as of February 29, 2024:



## Why we Chose this Topic

- 2.3** Large dollar value contracts were signed in an expedited manner during Covid-19. The public interest has been high, with taxpayers wanting to ensure value for money was achieved.

## Auditee

- 2.4** Our auditees were the:
- Department of Social Development
  - Regional Health Authorities
    - Horizon Health Network
    - Vitalité Health Network

## Audit Objective

- 2.5** The objective of our audit was to determine if government contracts with private nursing agencies were reflective of best practices and demonstrated value for money.

## Audit Scope

- 2.6** We examined travel nurse contracts, invoices and support under those contracts, staffing vacancy reports and numerous other documents.
- 2.7** Our audit covered the period from January 1, 2022 – February 29, 2024. Information outside of this period was also collected and examined as deemed necessary. As part of our work, we interviewed key staff at the department and regional health authority level and reviewed all contracts and other documentation as required. We did not interview contractors, as our work focused on government responsibilities.
- 2.8** Our audit included only contracts entered into for the purpose of providing care in the long-term care sector and within the regional health authorities.
- 2.9** More details on the audit objectives, criteria, scope, and approach we used in completing our audit can be found in Appendix II and Appendix III.

## Conclusion

- 2.10** Our audit work concluded that the contracts with private nursing agencies were not reflective of best practices and did not demonstrate value for money.

## Results at a Glance

### Social Development

#### Lack of Due Diligence



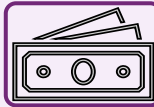
#### Findings



Use of travel nurses was limited by the department to the short-term need



Travel nurse spend **not** correlated to staff vacancies or Covid-19 cases



**No** vendor selection process, one contract pricing model was **3.6 X** the rate of the other



**No** legal review of contracts resulting in undue risk to Government of New Brunswick



**Lack** of evidence of criminal record and vulnerable sector checks



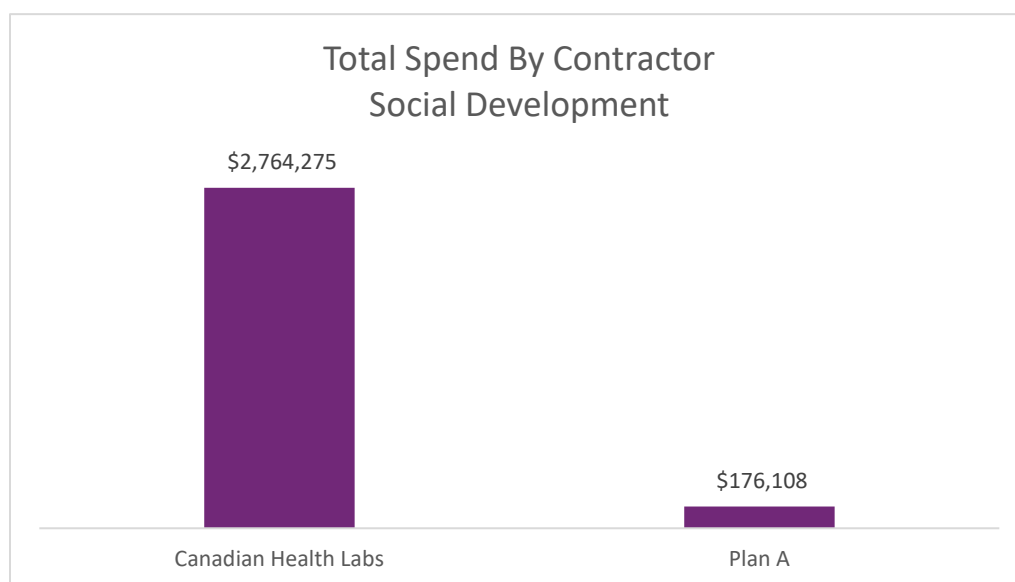
Liability insurance **not** appropriately provided for in one contract



Payments for goods and services made with **no** review and lacking supporting documentation

## Background

- 2.11** The Department of Social Development (SD) signed contracts with Plan A and Canadian Health Labs (CHL) on February 11, 2022, and February 15, 2022, respectively to provide care services within long-term and special care homes. SD's use of travel nurses ceased in July 2022. The chart below details total expenditures by contractor during the 6-month period February – July 2022.



## Specific Needs Not Well Documented

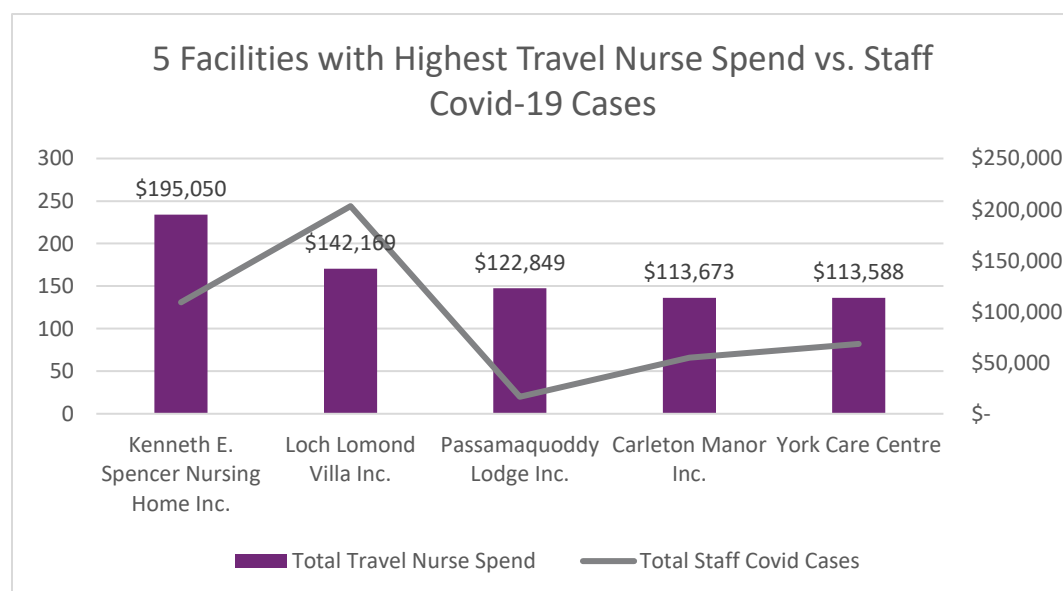
### Improved Data Analysis Would Better Support Decision Making

- 2.12** Departmental staff informed us of the dire need for health care staff, especially during the peak periods of Covid-19. The department was tracking numbers of deaths and outbreaks on a per facility and regional basis.
- 2.13** However, there was a lack of reporting utilized that would have established the location and extent of assistance required and how to best address those needs in the short and long term. While some of the staff shortages were due to Covid-19, the department recognizes a long-standing systemic issue in the area of recruitment and retention of care staff in the long-term care sector.

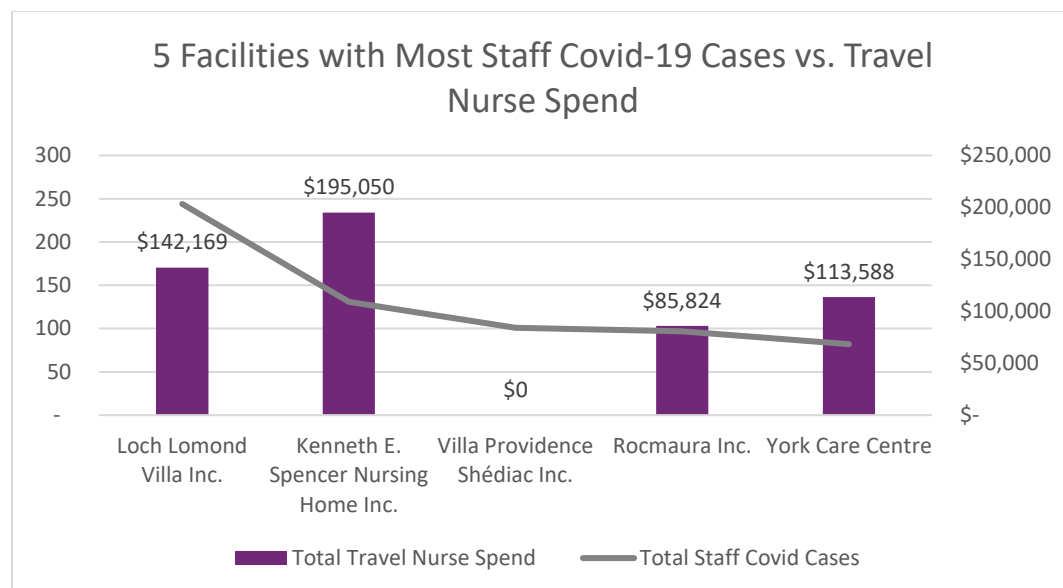
- 2.14** The department does not maintain staff vacancy data for the long-term care sector and did not utilize such information when assigning contracted resources.
- 2.15** SD informed us that while they lacked the formalized reporting to show where critical staffing shortages were in nursing and special care homes, they did have numerous verbal updates from frontline staff who were able to articulate their needs. During the 5<sup>th</sup> wave of Covid-19, SD concluded there was no other option but to contract with private companies for short term care assistance.

## Assistance Provided on a Request Basis

- 2.16** Nursing and special care homes could call the departmental Covid-19 response team (CRT) to request contracted staff. The CRT would ensure all other resourcing options had been exhausted, before contacting SD schedulers, who would assign contracted resources to the facility.
- 2.17** We determined that the provision of contracted staff was on a request basis. Whatever facility called and asked, was considered by the department for assistance. There was a lack of reporting detailing systemic and/or Covid-19 related vacancies relative to numbers of Covid-19 cases or outbreaks. This would have assisted the department in ensuring their decisions to provide care services were based on data, vs. solely verbal requests.
- 2.18** Data on staff vacancies would have assisted the department in planning and ensuring contracted staff were being placed where the risks were the greatest. The graphs below compare contracted staff spend to staff Covid-19 cases, showing that there was a lack of correlation between the two.







**2.19** Additionally, we reviewed nursing home inspection reports that detailed the repeated inability to meet legislated staffing level requirements. At the time of our audit, the department had not established an overall long-term care staffing recruitment/retention strategy, which contributed to decisions being made during crisis mode.

### Recommendation

**2.20** We recommend the Department of Social Development develop a long-term care staffing recruitment and retention strategy to ensure legislated staffing requirements are met. Vacancy data should be analyzed to determine areas of most risk.

## No Request for Proposals

### Emergency Exemption Utilized

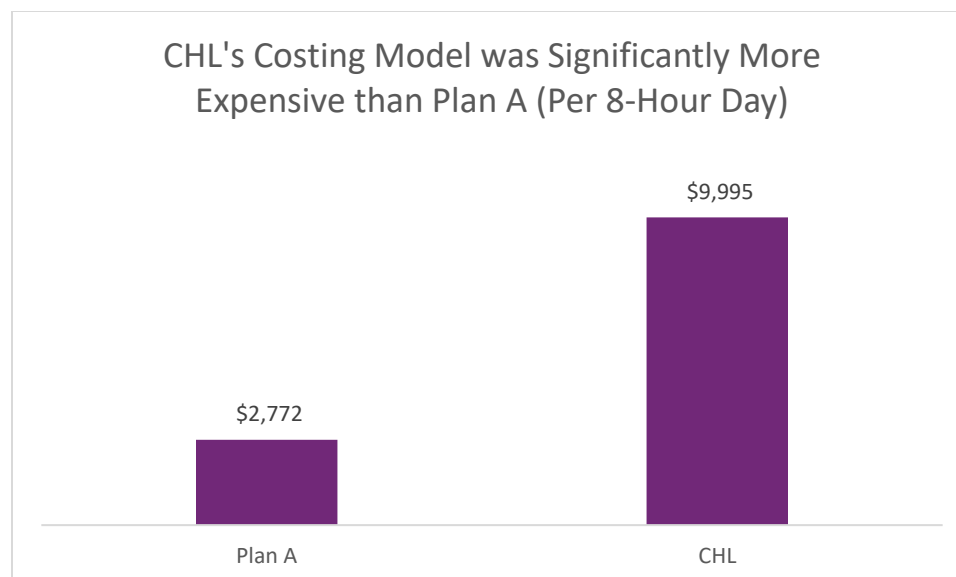
**2.21** The department informed us that due to the dire situation in long-term care facilities, they did not issue a request for proposals, but opted to utilize emergency exemptions as per Section 158(2)(a) of the *New Brunswick Regulation 2014-93* under the *Procurement Act*.

**2.22** While recognizing the immediate need for clinical assistance, we noted several areas for improvements related to ensuring value to taxpayers.

## Lack of Documentation to Support Vendor Selection

### Pricing Structures Varied Significantly

- 2.23** While the procurement exemption was legislatively allowed, we could find no documentation that would support the selection of CHL and Plan A. There were no selection guidelines, criteria or scoring matrices. Pricing structures and the service delivery model varied greatly between the contracts and there was no comparative analysis done to support the strategic use of one company over another.
- 2.24** Plan A offered individual care staff at hourly rates as follows:
- RNs (\$89.50)
  - LPNs (\$59.50)
  - PSWs (\$39.50)
- 2.25** CHL only offered a bundled pricing model (for RNs, LPNs and PSWs) at \$9,995/team/day as follows:
- A team day is up to 8 hours per day
  - A team is comprised of:
    - Virtual staff:
      - ½ team lead
      - ½ clinical lead
      - 1 scheduler
    - In person:
      - 1 logistics manager
      - 5 certified PSW's
      - 1 RN
      - 1 LPN
- 2.26** The department informed us they did not need several of the staff categories provided in the bundled pricing model, as they had their own schedulers, logistics staff and clinical leads.
- 2.27** We compared the daily costs to provide the following level of care:
- 5 personal support workers
  - 1 registered nurse
  - 1 licensed practical nurse
- 2.28** As shown in the chart below, CHL's costing model was significantly more expensive than Plan A (per 8-hour day):



### Recommendation

**2.29** We recommend the Department of Social Development ensure that a documented selection process (including selection criteria and scoring matrices) is established to support the awarding of contracts.

## Contracts Lacked Legal Review

### Contracts Were Prepared by Vendor

**2.30** The department used and signed contracts provided by the contractors, with notable favour to the vendor, resulting in undue risk to the province. The department informed us that a legal review of the contracts was not done.

### Contracts Not Aligned With GNB's Standard Form

**2.31** The signed contracts contained significant deviations from GNB's standard form contracts and Social Development's standard service agreement requirements. Examples of issues noted were:

- one contract did not have an end date
- one contract had no spending cap

- lack of clarity pertaining to what level of information must be documented on invoices
- only one contract allowed for the province to audit the service provider

**2.32** There was a lack of clarity pertaining to health and safety requirements. One contract required compliance with GNB health and safety policies and standards, but no detail was provided other than a link to [www.gnb.ca/nbon](http://www.gnb.ca/nbon), which is GNB's e-procurement site. We were unable to locate information on health and safety requirements within the link provided, and further noted the risks of using URLs as online information is subject to change.

**2.33** We also noted one contract was signed by the department the day after the contract was dated as being effective.

### Recommendation

**2.34** We recommend the Department of Social Development ensure that contracts of a predetermined dollar value be reviewed by legal.

## Teams Could be Deployed Regardless of Need

**2.35** The CHL contract gave CHL the right to deploy a minimum number of staff teams, regardless of the actual need.

**2.36** The contract for RNs/LPNs/PSWs included the following:

- term: February 14, 2022 – March 31, 2023
- contract cap: \$1.3 Mil (plus expenses, reimbursements and HST)
- CHL had the right to deploy staff totalling 1,624 team days over the term of the agreement
- the contract allowed for the department to terminate without cause upon 4 weeks written notice and the department exercised that option, effective May 13, 2022

### Recommendation

**2.37** We recommend the Department of Social Development ensure contract terms are reflective of actual service requirements.

## Lack of Evidence of Criminal Record / Vulnerable Sector Checks

**2.38** SD requires client facing employees to have a criminal record and vulnerable sector check. As per the contracts:

- Plan A was responsible to provide SD with copies of recent criminal record and vulnerable sector checks
- For CHL the contract stated: “the Minister shall facilitate any training and background checks required by the Minister, including Criminal Record checks and Social Development Record Checks”. The contract did not require a vulnerable sector check.

**2.39** The department did not request or receive copies of criminal or vulnerable sector checks pertaining to either contract.

## Did Not Obtain SD Record Checks

**2.40** In addition to criminal record and vulnerable sector checks, the department requires staff working in long term and special care facilities to undergo a Social Development record check. SD’s record check document states:

*The purpose of the SD Record Check is to review Social Development files to determine if the Applicant has been a person identified in the following:*

- a) a court order based on a finding by the court that a person has endangered a child’s security or development as described in paragraphs 31(1)(a) to (g) of the Act or a person’s security as described in paragraphs 37.1(1)(a) to (g) of the Act,*
- b) a finding by the Minister following an investigation by the Minister, that a person endangered the security or development of a child as described in paragraphs 31(1)(a) to (g) of the Act,*
- c) a finding by the Minister following an investigation by the Minister, that a person endangered the security of another person as described in paragraphs 37.1(1)(a) to (g) of the Act,*
- d) has been found, in accordance with section 27(4)(d) of the Act, to operate a community placement resource in a manner that is dangerous, destructive or damaging to a user, where the Minister has directed the community placement resource to terminate operation of the community placement resource.*

**2.41** The contract with Plan A did not require an SD check. The contract with CHL stated: “the Minister shall facilitate any training and background checks required

by the Minister, including Criminal Record checks and Social Development Record Checks”

- 2.42** Plan A submitted 237 SD record checks of which 6 were deemed unacceptable. SD informed us they did not obtain SD record checks for CHL employees, despite the contracted requirement for the Minister to facilitate.

### Recommendation

- 2.43** We recommend the Department of Social Development ensure appropriate criminal record, vulnerable sector and Social Development checks are performed for care staff working in the long-term care sector.

## Province Not a Party to the Contract

- 2.44** The contract with Plan A was signed by the then Deputy Minister (Acting) of Social Development. We noted however that the province is not a party to the contract as the then Assistant Deputy Minister (ADM) was named instead.

### Recommendation

- 2.45** We recommend that the Department of Social Development ensure the province is a party to all Social Development contracts.

## Contract Signatories had Adequate Spending Authority

- 2.46** We requested documentation from the department detailing spending authority limits and determined that signatories for both contracts had adequate spending authority to sign the contracts with Plan A and CHL.

## Invalid Assignment of Liability

- 2.47** Plan A was responsible for providing their own liability insurance. However, SD’s contract with CHL (written by the contractor) stated that the Minister shall provide coverage to the Contractor under a government sponsored insurance plan.
- 2.48** We reviewed government’s insurance plan and found that Social Development is a non listed entity under the plan. To be covered under the plan, approval would have been granted by the plan manager and chairperson.

- 2.49** Additionally, third party contractors are expressly excluded from the plan and it is not possible to add entities or organizations as legitimate insureds under the plan by contract alone.

#### Recommendation

- 2.50** We recommend the Department of Social Development ensure that contracts for services have provided for valid and appropriate liability insurance.

## Payments Made Without Due Diligence

### Contracts Did Not Require Adequate Support for Payment

- 2.51** Neither contract adequately documented the requirement for the appropriate level of support to be provided for invoice payment. While acknowledging Covid-19 brought unique challenges to the health care sector, we have serious concerns pertaining to the lack of oversight for invoices paid by Social Development under the two contracts. Payment approvers were at the Director and Assistant Deputy Minister level. Bills were paid without requiring evidence of goods/services as having been received and that charges were in compliance with the contract.
- 2.52** The following is an example of a CHL invoice, which does not detail staff names, locations or dates of work.

9059822 Canada Inc. O/A Canadian  
Health Labs



# INVOICE

## BILL TO

Assistant Deputy Minister  
Department of Social Development  
Sartain MacDonald Building  
P.O. Box 6000  
Fredericton, NB  
E3B 5H1  
Email: [REDACTED]  
Phone: [REDACTED]

INVOICE  
DATE  
TERMS  
DUE DATE

DATE	DESCRIPTION	QTY	RATE	AMOUNT
18/02/2022	Long term home services LTC services provided by CHL	1	9,995.00	9,995.00
19/02/2022	Long term home services LTC services provided by CHL	1	9,995.00	9,995.00
20/02/2022	Long term home services LTC services provided by CHL	1	9,995.00	9,995.00
21/02/2022	Long term home services LTC services provided by CHL	2	9,995.00	19,990.00
22/02/2022	Long term home services LTC services provided by CHL	3	9,995.00	29,985.00
23/02/2022	Long term home services LTC services provided by CHL	4	9,995.00	39,980.00
24/02/2022	Long term home services LTC services provided by CHL	4	9,995.00	39,980.00
25/02/2022	Long term home services LTC services provided by CHL	4	9,995.00	39,980.00
26/02/2022	Long term home services LTC services provided by CHL	4	9,995.00	39,980.00
27/02/2022	Long term home services LTC services provided by CHL	4	9,995.00	39,980.00
SUBTOTAL				279,860.00
GST/HST @ 15%				41,979.00
TOTAL				321,839.00
BALANCE DUE				<b>\$321,839.00</b>

## Recommendation

**2.53 We recommend that the Department of Social Development include expectations for adequate levels of invoice support to be provided before approving payment when contracting for goods and services.**

## No Processes to Verify Services Were Received

- 2.54** The department had no processes in place to ensure services being charged had been received. While Plan A invoices included details pertaining to the location of the services and name of the staff person, the department did not require timesheets or follow up with the facility to ensure the legitimacy of the charge.
- 2.55** CHL invoices lacked detail and no information was provided as to the staff name, location and date of work. Departmental payment approvers did not request additional information from the contractor and did not follow up with facilities to determine actual staffing schedules to confirm hours worked. Invoices were paid as presented to the department.

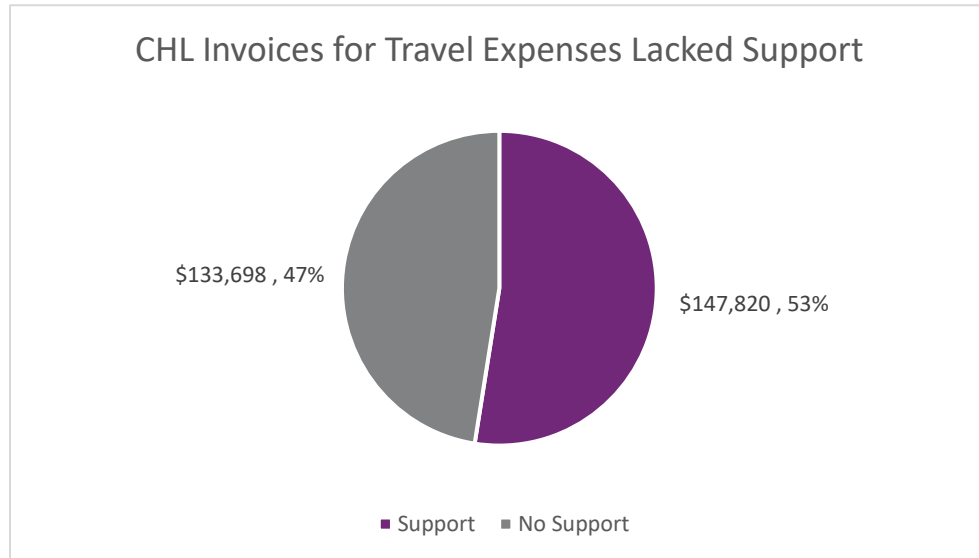


## Lack of Supporting Documentation for Payment of Travel Expenses

**2.56** Travel related invoices were approved and paid based on incomplete or missing back up to support the payment. Plan A submitted 20 travel related invoices and only 2 had adequate receipts. Our detailed testing showed:

- 9 instances where hotel charges were supported by booking confirmations rather than receipts showing payment
- 4 instances where hotel charges were not supported by any receipt or documentation
- 1 hotel bill had an additional hotel night charged that did not align with shifts worked
- 3 had charges not allowable as per the contract with no receipts/supporting documentation

**2.57** CHL submitted a total of 12 travel related invoices and none had adequate receipts. 47% of travel expenses were paid by SD without support as noted below:



**2.58** Our detailed testing showed the following examples of travel related payments made without adequate support:

- car rentals paid without Minister approval as required by the contract
- 7 instances where accommodations and flights were paid without receipts or documentation

- same hotel room charges being included in more than one invoice, resulting in double billing
- SD paid an invoice for a seven-night hotel stay with a receipt showing only a 3-night stay, furthermore the invoice was paid twice
- hotel rooms booked for the same individual, at same or different hotels for the same dates
- 2 flights invoiced and paid from Halifax to Newfoundland (with no evidence of having worked in New Brunswick)
- names were often missing from flight booking documentation
- flights paid based on travel itineraries vs. actual tickets
- gift cards were purchased in denominations for \$100 and \$250 totaling \$6,405
- pantry food items charged on hotel bills

### Recommendation

**2.59 We recommend the Department of Social Development ensure adequate levels of supporting documentation are obtained, reviewed and are in compliance with contract terms before payment.**

## No Incentive to Be Economical

**2.60** We noted instances where charges appeared to be non-economical. Vehicles rented were not of economy class as generally used by government employees. We also noted expenditures such as taxis for \$100 each way.

## Social Development Did Not Audit the Service Provider

**2.61** The contract with CHL gave the Minister the authority to audit the contractor.

**2.62** Despite the ability to do so, SD did not perform an audit of CHL, nor did they evaluate the cost-benefit in performing such a review. The contract with Plan A did not provide the Minister the authority to audit.

### Recommendation

- 2.63** We recommend the Department of Social Development ensure contracts provide the Minister with the authority to audit the service provider.
- 2.64** We recommend the Department of Social Development consider performing audits on contracted service providers, noting cost/benefit of doing so.



## No Post Implementation Review

- 2.65** At the time of our audit, the department had not considered or completed a post implementation review to determine the value add and/or lessons learned from the contracting and use of travel nurses.

### Recommendation

- 2.66** We recommend the Department of Social Development complete a post implementation review on the contracting and use of travel nurses.

## Results at a Glance

### Horizon Health Network

#### Improved Due Diligence Required



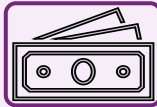
#### Findings



Overall need well identified - focus on short-term use of travel nurses



Contracts **not** signed at appropriate levels



Guidelines established for vendor selection process, but **no** selection criteria or scoring matrix



2 contracts did **not** require criminal record or vulnerable sector checks



Adequate processes in place to ensure services had been received



Travel expenses paid **without** adequate support

## Background

### Governance

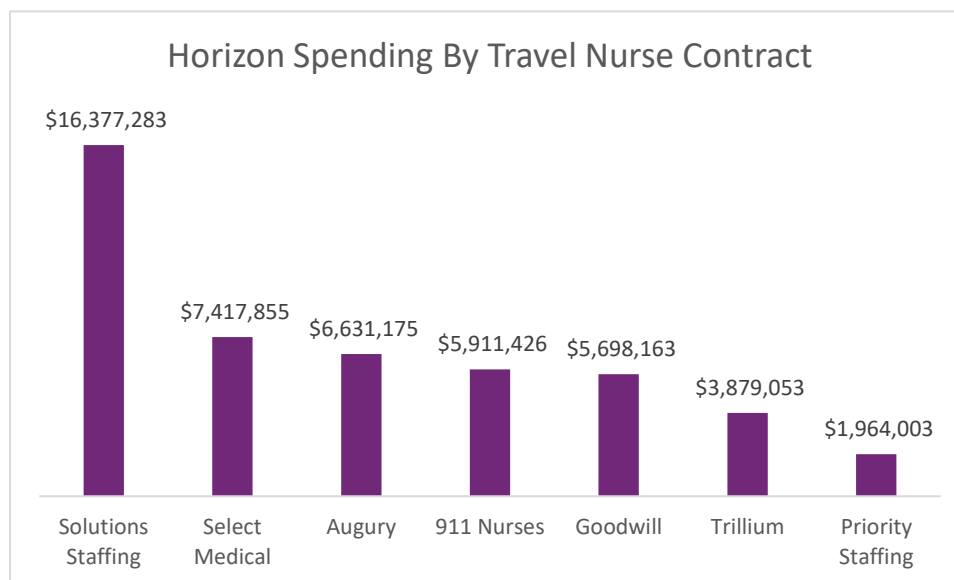
- 2.67** A new board of directors was appointed in Horizon Health Network (HHN) on June 11, 2021. That board was dismissed by government and replaced with an interim trustee on July 15, 2022. An interim Chief Executive Officer (CEO) was also appointed at that time. A new board, consisting of government appointees only, was established July 1, 2023.

### Contracts

- 2.68** HHN entered into contracts with the following 7 companies:

Supplier	Contract Signed Date
Goodwill	August 25, 2022
Priority	September 2, 2022
Trillium	September 16, 2022
911	November 30, 2022
Augury	March 15, 2023
Select	September 2, 2022
Solutions Staffing	Not Signed

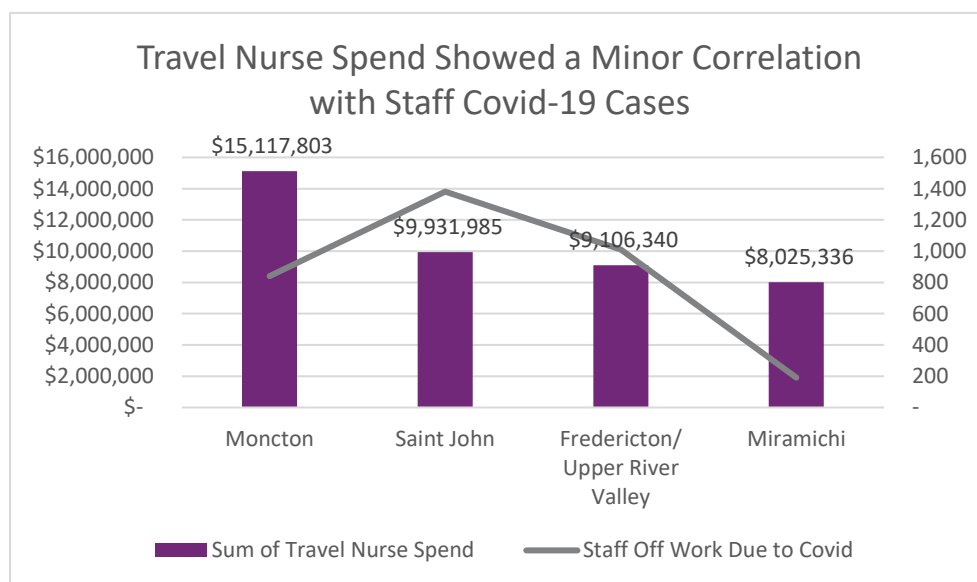
- 2.69** Total spend by contract during the audit period was as follows:



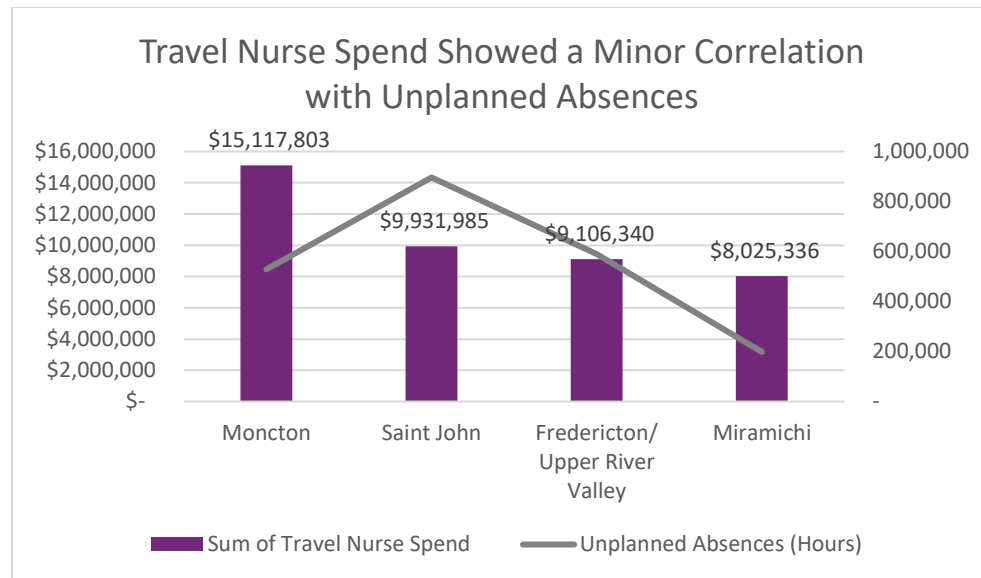
## Needs Were Well Documented

### Data Driven Reporting Utilized

- 2.70** Senior officials within HHN were able to provide us with data driven reporting that detailed staffing gaps and noted risks by facility. A briefing, prepared by HHN for their board meeting, noted “nursing vacancies have tripled in the last 5 years”. Despite the acknowledged systemic staffing shortages, HHN informed us their strategy was to utilize travel nurses for a short period of time and focus on long term recruitment and retention strategies.
- 2.71** In total, HHN utilized the travel nurse contracts for a period of just over 17 months. Only registered nurses (RNs) and licensed practical nurses (LPNs) were hired.
- 2.72** The trustee and board of directors were provided detailed briefings including staffing vacancies per facility, number of travel nurses requested and vacancy rates before and after travel nurses. Rationale and benefits of utilizing travel nurses were well documented, as was the impact if no travel nurses were approved, or if they were approved at 50%.
- 2.73** Data was utilized in decision making including staffing vacancies per facility and key units. We reviewed travel nurse spend by region as shown below and found a minor correlation between travel nurse spend and staff Covid-19 cases.



- 2.74** Similarly, when we compared travel nurse spend to unplanned absences there was also a minor correlation.



## Non-Compliance with Signatory Requirement

**2.75** HHN is defined as a Schedule B entity in the *Procurement Act*. Section 138(1) of Regulation 2014-93 under the *Procurement Act* states:

*When the value of a procurement contract is \$500,000 or greater, the Minister or the head of a Schedule B entity, as the case may be, shall approve the awarding of the contract.*

**2.76** We reviewed all contracts and noted they were signed by staff at the vice president or director level. No contracts were signed by the CEO as required by the *Act*.

### Recommendation

**2.77** We recommend that the Horizon Health Network ensure compliance with legislation pertaining to contract signatures.

## Lack of Documentation to Support Vendor Selection

### Guidelines Were Established for Contract Negotiation

**2.78** HHN was able to provide us with documented guidelines used in contract negotiation to “ensure a fair, equitable and fiscally responsible approach to purchasing of services”. Excerpts of guideline contents included but were not limited to:

- *Do not limit the number of proposals to be received.*
- *Following GNBs travel policy for reimbursement of travel expenses except for rental cars. Rental cars are only to be used with the approval of the Manager of Talent Acquisition in consultation with the receiving department’s manager.*
- *Do not enter an agreement that required payment for support staff of travel nurses, e.g., schedulers or managers.*
- *Contracts to be reviewed by an attorney at the Office of the Attorney General.*

### Example of Contract Not Aligned with HHN’s Guidelines

**2.79** Despite HHNs own guidelines for rental cars to not be reimbursed except with the approval of the Manager of Talent Acquisition in consultation with the receiving department’s manager, 3/7 contracts allowed for the use of vehicle rentals without proper approval.

### No Formalized Selection Process, Criteria or Scoring Matrix

**2.80** There were 37 agencies that submitted proposals to HHN’s talent acquisition team to provide travel nurse services. While HHN was able to provide us with a description of the process used, they did not have criteria or a scoring matrix to support the decisions. The documented process was limited to:

- initial conversations with all agencies to discuss service and rates
- draft contracts were reviewed to determine if agreement was aligned to HHN values
- selection of top travel nurse agencies to work with HHN

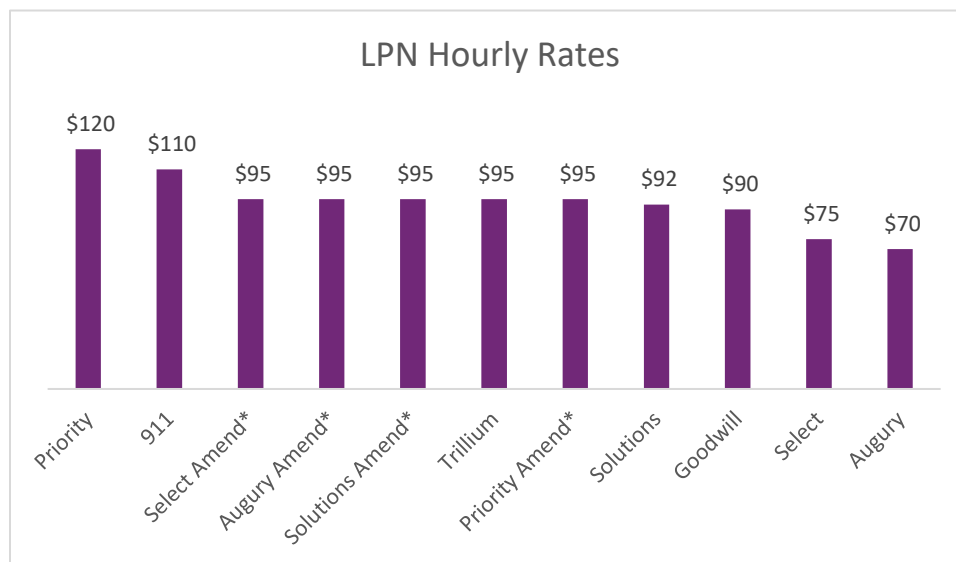
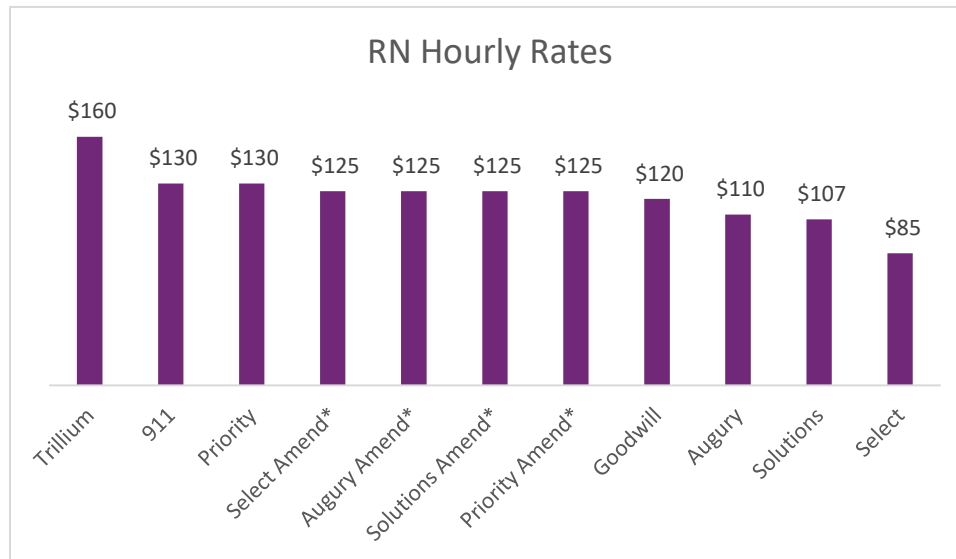


- review of contracts by the Office of the Attorney General

**2.81** There was no documentation detailing how or why the vendors were selected. HHN staff informed us they did meet with CHL to discuss what services they could offer but did not receive a proposal from CHL and did not engage them.

## Rates Varied Between Contractors

**2.82** The graphs below show the varying hourly rates for RNs and LPNs between HHN's travel nurse contractors. Some contractors amended their rates during the contract period.



\* Amend is used to indicate amended rates

## Recommendation

- 2.83** We recommend that the Horizon Health Network ensure selection criteria are established with scoring matrices when evaluating service provider proposals to support the selection decision processes.

## Noted Concerns with Contracts

### Most Contracts Reviewed by the Office of the Attorney General

- 2.84** HHN was able to provide us with documentation showing that all but one contract had been reviewed by the Office of the Attorney General (OAG) before signing.

### Contracts Not Aligned with GNB Standards

- 2.85** We noted the following examples of gaps in contract documentation when compared to Government of New Brunswick's (GNB) standard contract template:

- 3/7 contracts had no effective date
- no contracts had spending caps
- 5/7 contracts did not allow for government to audit the service provider
- 5/7 contracts did not specify invoice detail requirements for billing purposes

- 2.86** We also noted that the contracts stated provincial laws governing the agreements varied from New Brunswick to Ontario and British Columbia. Also, one contract required RN licensing in Ontario.

- 2.87** Liability insurance requirements were not consistently specified as follows:

- 2/7 contracts had no liability amounts noted
- liability insurance amounts varied from \$5-10 Mil, or \$1 Mil per incident

## Recommendation

**2.88 We recommend that the Horizon Health Network ensure contracts align with GNB standards and deviation from those standards should be rationalized.**

## Contract Not Signed

**2.89** The contract with Solutions Staffing was not signed by HHN or the vendor. Over \$16 Mil was paid to this company, under terms that were not signed off on by either party.

## Recommendation

**2.90 We recommend that the Horizon Health Network ensure all contracts are signed by both parties.**

## Contract Signatories Lacking Spending Authority

**2.91** None of HHN's contract signatories had adequate levels of spending authority to sign the contracts based on actual spend. None of the contracts had spending caps and overall projected spend analysis was not done or utilized for the purposes of determining levels of required signing authority. Staff informed us they did not know what the spend would be and only considered contracted hourly rates for spending authority.

## Recommendation

**2.92 We recommend that the Horizon Health Network ensure contracts are signed by the appropriate personnel with adequate levels of spending authority.**

## Lack of Requirement for Criminal Record / Vulnerable Sector Checks

**2.93** HHN requires patient facing employees to have criminal record and vulnerable sector checks.

**2.94** Of the seven contracts HHN signed:

- 2 had no requirement for criminal or vulnerable sector record checks

- 2 had unclear terminology stating the staffing firm will perform background/qualification checks
- 1 required criminal record check only
- 2 required criminal record and vulnerable sector check

## Recommendation

**2.95 We recommend the Horizon Health Network ensure that contracts require patient facing contracted workers to have criminal record and vulnerable sector checks prior to the first day of work.**

## Payments Made Without Due Diligence

### Adequate Processes to Ensure Services Paid for Were Received

**2.96** While invoice detail varied, HHN senior officials informed us they had processes established to ensure services paid for had been received. We noted email verification from supervisors and/or actual timesheets as support for invoice payment. We found 3 of 111 invoices tested were missing documentation to support hours worked.

### Inadequate Support for Payment of Travel Expenses

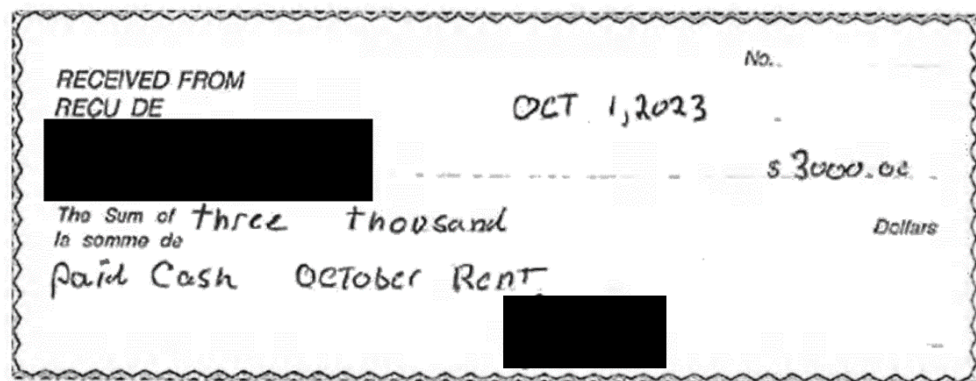
**2.97** As HHN did not use distinct account coding for care and travel expenditures, we were unable to determine the total spend in each area.

**2.98** We reviewed 200 travel expenses claimed and found only 122 (61%) had any level of back up to support the payment.

**2.99** In the cases where support was provided, it was often inadequate. Some examples are noted below:

- a Jeep Wrangler rented for a month with only a 7-day timesheet as support
- accommodations paid for 33 nights, with only a 4-day timesheet as support
- accommodations totaling \$2,837 were invoiced and paid with a 2-hour timesheet as support

- a monthly accommodation charge of \$2,900 was invoiced and paid twice
- receipt for accommodations totaling \$3,000 lacked property details, as noted below



### Recommendation

**2.100 We recommend the Horizon Health Network ensure adequate support is provided for all invoices and there are adequate levels of review performed before payment is issued.**

## Some Payments Were Outside the Terms of the Contract

**2.101** We reviewed 111 invoices to ensure charges and rates used were in compliance with contracts. Within that sample, 41% of invoices included instances of non-compliance with contract terms. For example, we noted:

- 14 instances in Solutions Staffing care invoices where rates charged were higher than allowable under the contract
- additional accommodation fees for pets, one charge noted as being \$200

### Recommendation

**2.102 We recommend the Horizon Health Network ensure billed rates are in compliance with the contract terms and rates.**

## Travel Nurse Reduction Plan

**2.103** HHN began what they refer to as a de-escalation plan in September 2023 to begin the reduction in travel nursing support. The plan was further refined in October. They provided us with details on timelines for their travel nursing reduction plan, that showed by March 31, 2024, there would be no authorized use of travel nurses unless there is approval from the Executive Leadership Team.

**2.104** At present there is no plan to perform a formalized review of the use of travel nurses to determine the value add and/or lessons learned.

### Recommendation

**2.105** We recommend the Horizon Health Network perform a post implementation review on the use of contracted travel nurses. This review should establish alternative options for dealing with short-term and long-term staff shortages.

# Results at a Glance

## Vitalité Health Network

### Improved Due Diligence Required



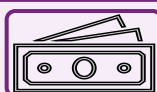
### Findings



**Did not provide information as requested** by the Office of the Auditor General



Overall need well identified - but travel nurse spend **not** correlated to facility level needs



**No** documentation to support vendor selection, over **\$98 million** spent on contractor with highest pricing structure



**No** legal review of contracts resulting in undue risk



Contracts allowed for teams to be deployed regardless of actual need



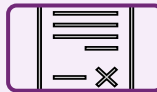
One contract contained an auto renewal clause



Contracts did **not** require vulnerable sector record checks



**Inadequate** processes in place to ensure services were received



Only **1 of 4** contractors were required to provide French language services

## Requested Information Not Provided

### Non-Compliance With *Auditor General Act*

- 2.106** Vitalité Health Network (Vitalité) informed us their staff had completed three internal audit reports pertaining to the contract with Canadian Health Labs (CHL). On April 17, 2024, our Office formally requested access to the audit reports and were denied.
- 2.107** Section 13(a) of the *Auditor General Act* states “the Auditor General is entitled to free access at all convenient times to information, including files, documents, records, agreements and contracts, despite that they may be confidential or private, that relates to the fulfilment of his or her responsibilities.”
- 2.108** Due to the lack of cooperation from Vitalité, risks that they identified in the audit reports and to what extent those risks were addressed is not known.
- 2.109** Section 13.2(1) of the *Auditor General Act* states, “No person shall obstruct the Auditor General, a person employed in the Office of the Auditor General or a person appointed by the Auditor General under a contract for professional services in the exercise or performance or the intended exercise or performance of his or her powers or duties under this Act or any other Act, and no person shall conceal or destroy any documents that the Auditor General considers necessary for the purposes of this Act or any other Act.” Furthermore, “a person who violates or fails to comply with subsection (1) commits an offence punishable under Part 2 of the *Provincial Offences Procedure Act* as a category F offence.”
- 2.110** It is critical that government organizations understand the powers of the Auditor General and comply with the *Auditor General Act*.

## Background

### Governance

- 2.111** Vitalité’s current CEO was appointed on November 30, 2020. The board of directors was dissolved by government and an interim trustee was appointed on July 15, 2022. A new board, consisting of government appointees only, was established on July 1, 2023.

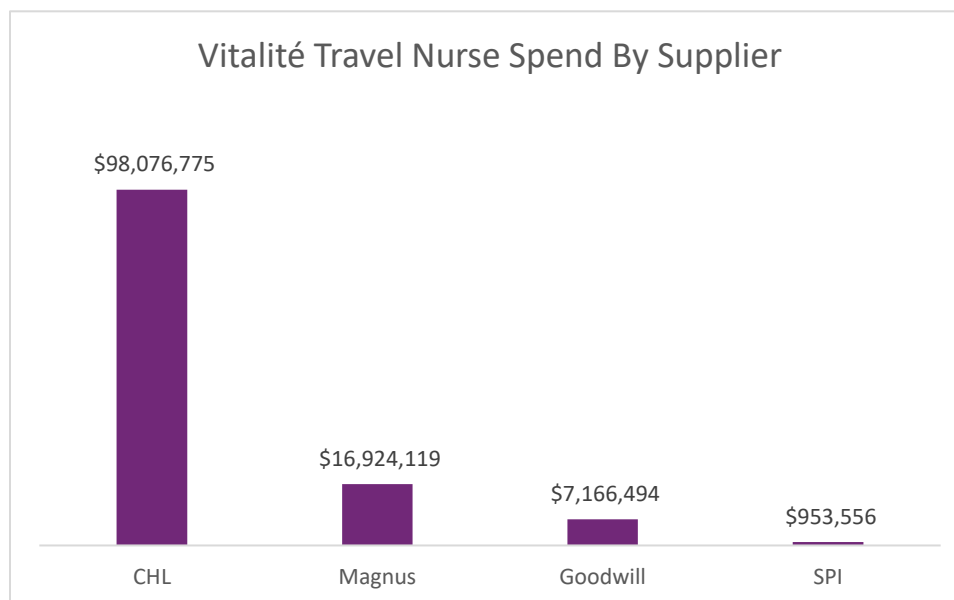


## Contracts

**2.112** Vitalité entered into 6 contracts with 4 companies as follows:

Supplier	Contract Signed Date
Goodwill	June 2, 2022
CHL (1)	July 29, 2022
SPI	July 25, 2022
CHL (2)	November 16, 2022
CHL (3)	December 2, 2022
Magnus	December 16, 2022

**2.113** Total travel nurse spend by supplier during our audit period was as follows:



## Needs Were Well Documented

### Data Driven Reporting Used to Determine Overall Need

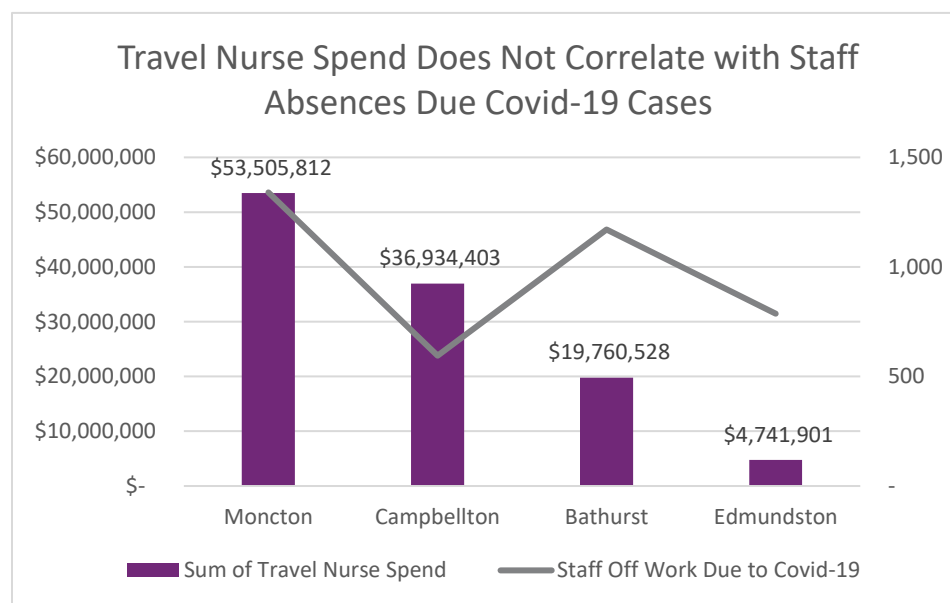
**2.114** Vitalité provided us with detailed information pertaining to their staff shortages by region. Staff shortages were systemic, as well as Covid-19 related when staff tested positive. We were informed a great number of staff were absent for other

reasons, including stress and fatigue and a number of healthcare workers left the profession all together.

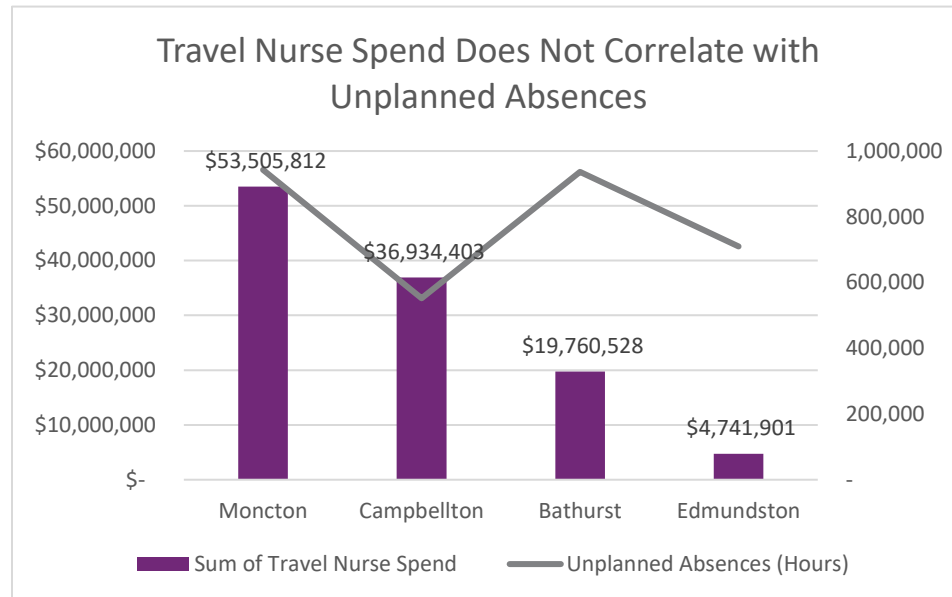
- 2.115** While SD and HHN utilized travel nurses for shorter periods of time, Vitalité and its board of directors supports the use of travel nurses until 2026. Senior officials informed us that they do not think government supports closures, and that, in their opinion, travel nurses would be their only other choice. We did not audit the validity of their assertions but provide it for context only.

## Travel Nurse Spend Not Always Where Needed Most

- 2.116** We obtained data to allow us to determine if travel nurses were provided in the areas with the most need, based on staff absences due to Covid-19 and unplanned absences for other reasons.
- 2.117** The graph below shows that travel nurse spend did not correlate with staff absences due to Covid-19.



**2.118** The graph below shows that travel nurse spend did not correlate with unplanned staff absences.



### Recommendation

**2.119** We recommend that the Vitalité Health Network use data to ensure staffing resources are assigned to facilities facing the most risks.

## Non-Compliance with Signatory Requirement

### Compliance with Legislation

**2.120** Vitalité is defined as a Schedule B entity in the *Procurement Act*. Section 138(1) of Regulation 2014-93 under the *Procurement Act* states:

*When the value of a procurement contract is \$500,000 or greater, the Minister or the head of a Schedule B entity, as the case may be, shall approve the awarding of the contract.*

**2.121** During our work we noted that the signatory on all contracts was the CEO, in compliance with legislation.

## Non-Compliance With Board Policy

- 2.122** Vitalité's Board Policy – Expenditure Authorization Limit (effective July 24, 2022), requires that contracts representing a commitment of more than \$5,000,000 per year be approved by the board.
- 2.123** The board had been dissolved in July 2022 and a trustee in place, who was given all the duties and powers of the board. Contracts were signed with CHL, Magnus and Goodwill, that based on their level of spend, would have required trustee/board approval based on policy, however, documented approval of specific contracts was not obtained.

### Recommendation

- 2.124** We recommend that the Vitalité Health Network obtain board approval for contracts as required under the Board Policy – Expenditure Authorization Limit.

## Lack of Documentation to Support Vendor Selection

### No Guidelines, Selection Criteria or Scoring Matrices – Vitalité Did Not Require French Language Services in All Facilities

- 2.125** Vitalité did not establish guidelines, selection criteria or scoring matrices that would support the selection of the contractors.
- 2.126** Vitalité did not require French language services in any contract, except CHL. Senior officials informed us the reason CHL was selected and given most of the work was their ability to provide French language services.
- 2.127** However, within CHL contracts, requirements were limited to the following:
- **Contract 1** (July 29, 2022) for RNs/LPNs:
    - Minimum of 0% of the staff deployed in Campbellton will be Francophone/bilingual
    - At no point will a team who is deployed at Dumont be less than 50% bilingual (functional)
  - **Contract 2** (November 16, 2022) for PSWs:

- Minimum of 0% of the staff deployed in Campbellton and Bathurst will be Francophone/bilingual
- At no point will a team who is deployed at Dumont and Edmundston be less than 80% bilingual (functional)
- **Contract 3** (December 2, 2022) for RNs/LPNs:
  - Minimum of 0% of the staff deployed in Campbellton and Bathurst will be Francophone/bilingual
  - At no point will a team who is deployed at Dumont or Edmundston be less than 90% bilingual (functional)

**2.128** The total spend for CHL as of February 2024 was over \$98 Mil. However, total amounts spent for services at the Dumont and Edmundston totaled only \$55,278,993 and that included all service providers, not just CHL.

**2.129** The contract with CHL accounted for more than 80% of the overall spend on travel nurses. Yet, French language services were only required in two facilities. Total spend for travel nurse services where English only was required was \$42,797,782.

**2.130** We were informed by Vitalité that there were concerns with the level of French language services provided, however, as previously noted, Vitalité denied us access to their internal audit reports.

## Rates Varied Between Contractors

**2.131** While all other vendors offered individual care staff at an hourly rate, CHL only offered a bundled pricing model. Vitalité signed two contracts with CHL for the provision of RNs and LPNs and the pricing model was as follows:

- A team of up to 12 hours per day
  - \$18,043.42 per team/day (CHL contract signed July 29, 2022)
  - \$18,403.42 per team/day (CHL contract signed December 2, 2022)
- A team is comprised of:
  - Virtual staff
    - 1 operations lead
    - 1 clinical lead
    - 0.44 scheduler
  - In person
    - 0.22 logistics lead
    - 2 LPNs
    - 3 RNs

**2.132** Including all non-direct care staffing costs, the cost per hour (based on rates effective December 2, 2022) to have a clinical staff person (LPN/RN) on the floor

was \$306/hour. As per GNB collective bargaining agreements (effective July 1, 2023), RNs and LPNs are compensated per hour as follows:

- RNs – Class A, Steps A to G (\$36.41 – \$46.13)
- LPNs – Steps A to C (\$30.22 – \$32.46)

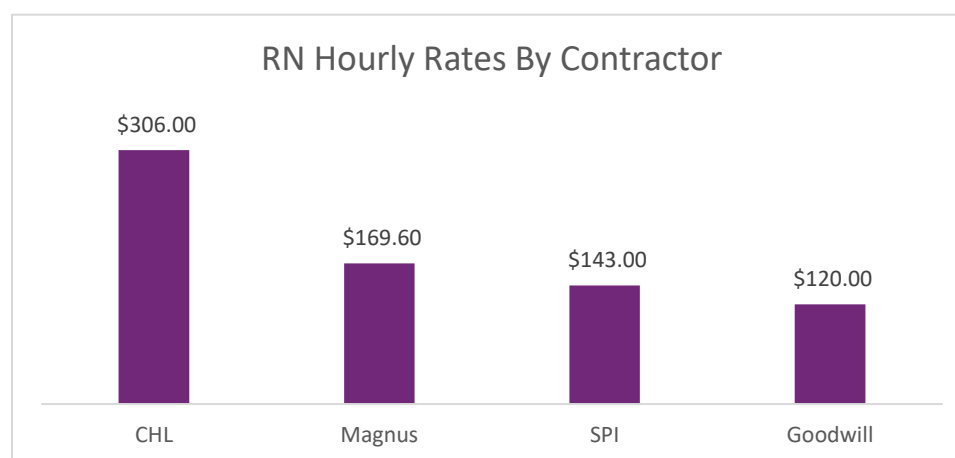
**2.133** Vitalité signed one contract with CHL for the provision of PSWs and the pricing model was as follows:

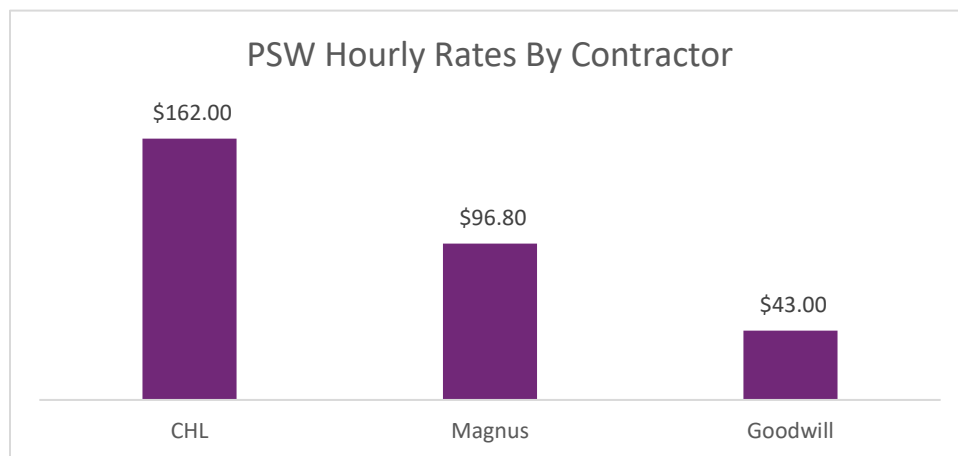
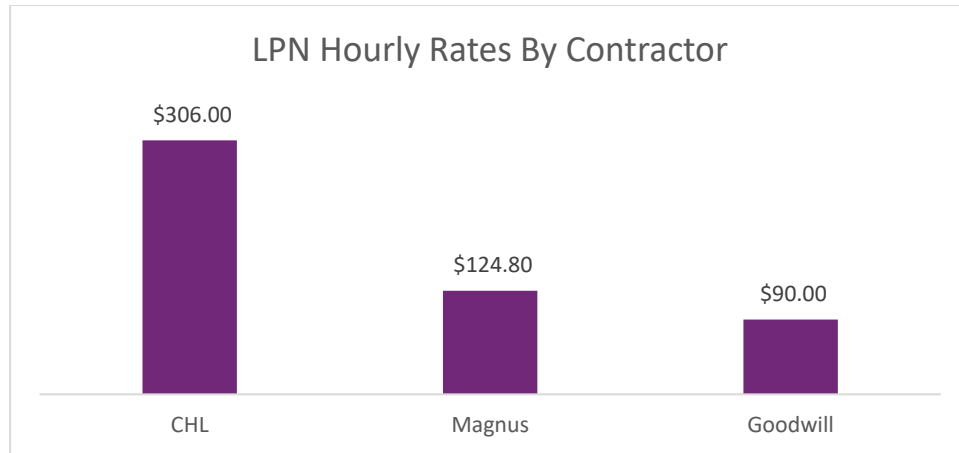
- A team of up to 12 hours per day
- \$13,632.00 per team/day (CHL contract signed November 16, 2022)
- A team is comprised of:
  - Virtual staff
    - 1 operations lead
    - 1 clinical lead
    - ½ scheduler
  - In person
    - ½ logistics lead
    - 7 PSWs

**2.134** Including all non-direct care staffing costs, the cost per hour to have a PSW on the floor was \$162/hour. As per GNB's collective bargaining agreements that same level of staff would be paid \$22.61 – \$24.24 per hour.

**2.135** The contract with CHL stated in the event that a partial team is deployed, the contractor will bill for a partial team. However, the contract did not specify what this partial billing would be comprised of. We found instances where Vitalité paid over \$18,000 for a bundle with some staff not working 12 hours and some worked as few as 3.5 hours.

**2.136** The costs for RNs, LPNs and PSWs by contractor are noted below. Some contractors amended their rates during the contract period.





## Recommendation

**2.137 We recommend that the Vitalité Health Network ensure the development and use of guidelines and selection criteria to support the selection of vendors.**

## Noted Concerns with Contracts

### No Legal Review of Contracts

**2.138** Vitalité did not obtain a legal review for any of the contracts they signed.

### Contracts Not Aligned with GNB's Standard Template

**2.139** Of the 6 contracts signed, we noted the following examples of gaps in contract documentation when compared to GNB's standard contract template:

- 2 contracts had no effective date
- 3 contracts had no spending cap
- 3 did not provide the ability to audit the service provider

**2.140** One contract noted the provincial laws governing the agreement as Ontario.

#### Recommendation

**2.141** We recommend the Vitalité Health Network ensure that significant contracts of a predetermined dollar value be reviewed by legal counsel.

### Teams Can be Deployed Regardless of Need

**2.142** The CHL contracts gave CHL the right to deploy a minimum number of staff teams, regardless of the actual need, approximately equating to the contract cap. The contracts with CHL included the following:

- Contract for PSWs
  - Term: November 21, 2022 – May 31, 2024
  - Contract cap: \$45 Mil (plus expenses, reimbursements and HST)
  - CHL has the right to deploy staff totalling 3,262 team days over the term of the agreement, equating to \$44,467,584 (plus expenses, reimbursements and HST)
- Contract for RNs/LPNs



- Term: December 5, 2022 – February 5, 2026
- Contract cap: \$93 Mil (plus expenses, reimbursements and HST)
- CHL has the right to deploy staff totalling 4,620 staff days over the term of the agreement, equating to \$85,021,952 (plus expenses, reimbursements and HST)

### Recommendation

**2.143 We recommend that Vitalité Health Network ensure contract terms are reflective of actual service level requirements.**

## Auto Renewal Clause

**2.144** The contract with CHL for RN/LPNs expires February 5, 2026. The contract states “if the Contractor achieves 100% Francophone/Bilingual fulfilment under this Agreement for a rolling 12-month basis, Vitalité agrees this Service Agreement shall automatically continue to renew annually up to a maximum of 5 terms, as long as the contractor continues meeting its obligations for fulfillment and language under this Agreement.”

### Recommendation

**2.145 We recommend that the Vitalité Health Network ensure contracts do not have an auto renewal clause.**

## Contract Not Signed

**2.146** The contract with Goodwill was signed by the vendor but not signed by Vitalité. Over \$7 Mil was paid to this company, under terms of a contract that was not signed by both parties.

### Recommendation

**2.147 We recommend that the Vitalité Health Network ensure all contracts are signed by both parties.**

## Vulnerable Sector Checks Not Required

**2.148** Vitalité requires patient facing employees to have a criminal record and vulnerable sector check.

**2.149** We reviewed contract terms to determine whether a criminal record and vulnerable sector check was a requirement and noted:

- criminal record or backgrounds checks were required in all six contracts
- no contracts required vulnerable sector checks

**2.150** None of the contracts specifically outlined the timing of when these checks would be completed, whereas Vitalité’s policy states they must be provided on or before the first day of work. Because the term “background check” is not well defined and can be limited to employment history, education, home ownership, etc. the requirement for a criminal record and vulnerable sector check should be clearly specified.

### Recommendation

**2.151** We recommend the Vitalité Health Network ensure that contracts require patient facing contracted workers to have a criminal record and vulnerable sector check prior to the first day of work.

## Invalid Assignment of Liability

**2.152** All contractors except for CHL were responsible for providing their own liability insurance. Vitalité’s contract with CHL (written by CHL) stated, the Vitalité Health Network shall provide coverage to the Contractor under a government sponsored insurance plan.

**2.153** However, third party contractors are expressly excluded from the plan and as per the plan manager, “it is not possible to add entities or organizations as legitimate insureds under the plan by contract alone.”

### Recommendation

**2.154** We recommend the Vitalité Health Network ensure that contracts for services have provided for valid and appropriate liability insurance.

## Payments Made Without Due Diligence

### Established Processes Not Operating as Intended

**2.155** Vitalité informed us that supervisory staff signed off on actual work hours as verification of having received the services. While the process had been established, it was not always working as intended. We tested over \$23 Mil of invoices for clinical staff service provision and found 28% of the invoices were not signed by supervisory staff.

### Travel Invoices Paid Without Adequate Support

**2.156** 85% of travel related expense we reviewed included some form of support for payment.

**2.157** Examples of instances where expenses were paid with no support include:

- Hertz car rental (\$1,818.97)
- Air Canada (\$1,749.90)
- Air Canada (\$517.38)
- rent for a house in Moncton (\$3,500)

**2.158** We also found instances where accommodation expenses were paid, with insufficient support for payment. Examples were:

- accommodation charges of \$2,700 for a month's rent were supported by a timesheet for 3 days' worth of work
- accommodation charges of \$2,205 noted as being for October 1<sup>st</sup> – 15<sup>th</sup>, 2023 were supported by a timesheet for work between September 23<sup>rd</sup> – October 6<sup>th</sup>, 2023

**2.159** We found meal allowances were often charged and paid without sufficient support. In our testing of 64 invoices, we noted meal allowances on CHL invoices were paid without adequate support totaling \$281,640. Meal allowances were often paid for double or triple what the support provided would have allowed for.

### High Rates for Car Rentals Paid Without Adequate Support

**2.160** Vitalité's contract with CHL allowed for the rental of vehicles from Canadian EV Labs or an affiliated company. We determined that the CEO of CHL is also the sole director of Canadian EV Labs and Canadian Sustainability Labs.

**2.161** The contract also stipulated that rental costs were not to exceed current market rates. In our audit testing, we noted invoices from Canadian Sustainability Labs for electric vehicle (EV) rentals and EV charging. Rates for the EV car rentals ranged from \$184 – \$345 per day and were provided to PSWs, LPNs, RNs and logistics staff.

**2.162** Government's travel policy documents the negotiated rates for government employees with rental car companies as being \$62.66 – \$82.66 per day.

**2.163** Examples of Canadian EV Labs and Canadian Sustainability Labs charges of note were as follows:

- one invoice paid without support or description of the purpose or employee name, totaling \$11,305
- one invoice included 43 car rentals, totaling \$63,910 for one week

**2.164** EV car rental invoices included staff names (sometimes first and sometimes first and last) but did not specify date or location of work. In some cases, timesheets accompanied the rental invoices, but not consistently. The vast majority of rentals were for a period of 7 days and there was no evidence of validation to ensure the legitimacy of the charges.

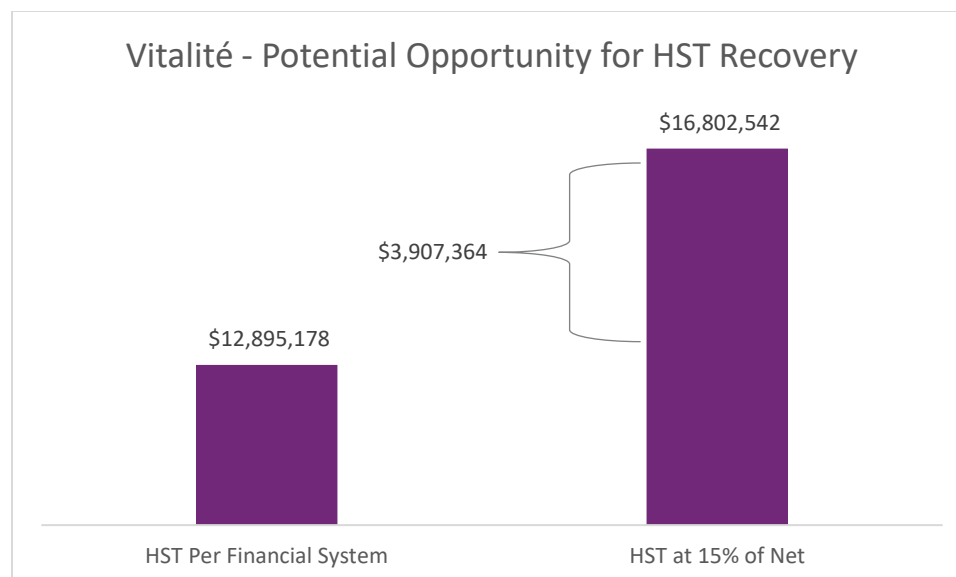
### Recommendation

**2.165** We recommend the Vitalité Health Network ensure adequate support is provided for all invoices and that charges are in compliance with contracts before payment is issued.

## Potential Opportunity to Recover HST

**2.166** During our review of invoices from all four contractors utilized by Vitalité, we noted instances where invoices did not breakout the full amount of HST and were not coded for recovery.

**2.167** Had 15% been charged on all pre HST expenditures, the recovery would have been \$3,907,364 higher. While some charges such as long-term accommodations/lodging (one month or more) are not subject to HST, there is a potential opportunity for HST recovery.



**2.168** We could find no evidence that invoice approvers had adequately reviewed the treatment of HST.

### Recommendation

**2.169** We recommend that the Vitalité Health Network perform a detailed review of expenses paid to determine opportunities for HST recoveries.

**2.170** We recommend that the Vitalité Health Network improve processes to ensure review of the appropriate treatment of HST before processing and payment.

## Use of Travel Nurses Continues

**2.171** In correspondence to our Office dated April 24, 2024, Vitalité stated “the decision was unavoidable in the short-term...” and “It’s a band-aid solution we’re gradually removing, and we plan to reduce the use of mobile nurses over the next two years”.

**2.172** Vitalité had not developed a comprehensive formalized travel nurse reduction plan and had not yet planned to do a review of the use of travel nurses for lessons learned.

**2.173** We were provided with a list of 53 projects focused on addressing recruitment and retention related to nurses and other positions. 14 of the projects were noted as

completed. Of the remaining 39 projects, 10 were assigned planned completion dates.

### Recommendation

**2.174 We recommend that Vitalité Health Network perform a post implementation review on the use of contracted travel nurses. This review should establish alternative options for dealing with short-term and long-term staff shortages.**

## Appendix I: Recommendations and Responses

### Department of Social Development

Par. #	Recommendation	Department's Response	Target Implementation Date
<b>We recommend the Department of Social Development:</b>			
<b>2.20</b>	develop a long-term care staffing recruitment and retention strategy to ensure legislated staffing requirements are met. Vacancy data should be analyzed to determine areas of most risk.	Social Development is involved in a number of different initiatives to support long-term care staffing. A comprehensive recruitment and retention strategy will be developed in cooperation with the sector, recognizing that Social Development is not the direct employer.	April 1, 2025
<b>2.29</b>	ensure that a documented selection process (including selection criteria and scoring matrices) is established to support the awarding of contracts.	The Department agrees with this recommendation and notes that such processes are already in place for competitive procurement processes such as requests for proposals. The circumstances that gave rise to this recommendation do not reflect its normal procurement and contract management processes.	Already in place.

Par. #	Recommendation	Department's Response	Target Implementation Date
<b>We recommend the Department of Social Development:</b>			
<b>2.34</b>	ensure that contracts of a predetermined dollar value be reviewed by legal.	The Department agrees with this recommendation and has a process in place where the standard form GNB contract or Social Development's standard service agreement is used, with any significant modifications reviewed by legal. The deviations from the standard contract practices were relative to circumstances at the time.	Already in place.
<b>2.37</b>	ensure contract terms are reflective of actual service requirements.	The Department agrees with this recommendation and notes that the circumstances that gave rise to this recommendation do not reflect its normal procurement and contract management processes.	Already in place.



Par. #	Recommendation	Department's Response	Target Implementation Date
<b>We recommend the Department of Social Development:</b>			
2.43	ensure appropriate criminal record, vulnerable sector and Social Development checks are performed for care staff working in the long-term care sector.	The Department agrees with this recommendation and is planning to add this in the LTC Act that is currently underdevelopment to replace the Family Services Act and the Nursing Home Act. Current legislative framework in the Nursing Home Act does not allow SD to establish staffing qualifications, such as mandating criminal record, vulnerable sector and Social Development checks be performed, however SD will continue to promote this as a best practice for NHs to implement.	Fall 2026
2.45	ensure the province is a party to all Social Development contracts.	The Department agrees with this recommendation, to the extent that it applies to Social Development contracts, and notes that the circumstances that gave rise to this recommendation do not reflect its normal procurement and contract management processes.	Already in place.

Par. #	Recommendation	Department's Response	Target Implementation Date
<b>We recommend the Department of Social Development:</b>			
<b>2.50</b>	ensure that contracts for services have provided for valid and appropriate liability insurance.	The Department agrees with this recommendation and notes that the circumstances that gave rise to this recommendation do not reflect its normal procurement and contract management processes.	Already in place.
<b>2.53</b>	include expectations for adequate levels of invoice support to be provided before approving payment when contracting for goods and services.	The Department agrees with this recommendation and notes that the circumstances that gave rise to this recommendation do not reflect its normal invoice approval process.	Already in place.
<b>2.59</b>	ensure adequate levels of supporting documentation are obtained, reviewed and are in compliance with contract terms before payment.	The Department agrees with this recommendation and notes that the circumstances that gave rise to this recommendation do not reflect its normal invoice approval process.	Already in place.

Par. #	Recommendation	Department's Response	Target Implementation Date
<b>We recommend the Department of Social Development:</b>			
<b>2.63</b>	ensure contracts provide the Minister with the authority to audit the service provider.	The Department agrees with this recommendation and notes that the circumstances that gave rise to this recommendation do not reflect its normal procurement and contract management processes.	Already in place.
<b>2.64</b>	consider performing audits on contracted service providers, noting cost/benefit of doing so.	The Department agrees with this recommendation and will consider performance audits on contracted service providers in future audit plans.	April 1, 2025 (2025-26 audit plan)
<b>2.66</b>	complete a post implementation review on the contracting and use of travel nurses.	The Department will apply the learnings and recommendations from the Auditor General review on the use of travel nurse agencies. However, since the Department has not used the services of travel nurses in over two years, and is focusing its efforts on supporting nursing homes recruit and retain permanent staff, a post-implementation review will not be actioned at this time.	Not applicable

## Horizon Health Network

Par. #	Recommendation	Regional Health Authority's Response	Target Implementation Date
<b>We recommend the Horizon Health Network:</b>			
<b>2.77</b>	ensure compliance with legislation pertaining to contract signatures.	<p>Horizon Health Network accepts this recommendation.</p> <p>Horizon will be accountable to ensure policy, process and auditing is incorporated into our RHA financial practice to ensure compliance with regulatory standards pertaining to contract signatures. A strengthened governance will support this requirement moving forward.</p>	May 31, 2024
<b>2.83</b>	ensure selection criteria are established with scoring matrices when evaluating service provider proposals to support the selection decision processes.	<p>Horizon Health Network accepts this recommendation.</p> <p>Our accountability and internal review verifies that Horizon's selection criteria was understood, but not properly documented with scoring matrices. A strengthened governance will support this requirement moving forward., including revisions to policy, process and education to all staff implicated in this process to ensure</p>	May 31, 2024

Par. #	Recommendation	Regional Health Authority's Response	Target Implementation Date
<b>We recommend the Horizon Health Network:</b>			
		compliance with best practices and healthcare industry standards.	
<b>2.88</b>	ensure contracts align with GNB standards and deviation from those standards should be rationalized.	<p>Horizon Health Network accepts this recommendation.</p> <p>It is understood by Horizon that with Office of Attorney General contract review, approved contracts were in alignment with GNB standards. Moving forward, Horizon will ensure due diligence with additional measures for future contractual review with review of best practice, financial policy improvements, Standard Operating Procedures, and internal auditing practices to ensure 100% compliance with GNB standards or a well documented rationale for any deviation to these best practices.</p>	May 31, 2024
<b>2.90</b>	ensure all contracts are signed by both parties.	<p>Horizon Health Network accepts this recommendation.</p> <p>Horizon conducted a review of contracts and ensured all were signed when it was noted that Solutions Staffing was missing a</p>	May 31, 2024

Par. #	Recommendation	Regional Health Authority's Response	Target Implementation Date
<b>We recommend the Horizon Health Network:</b>			
		signature. Solutions Staffing Addendum to Master agreement was then signed by both parties. Immediately, Horizon will review policy, process, and education with key staff members to ensure a strengthened governance for any future contracts.	
<b>2.92</b>	ensure contracts are signed by the appropriate personnel with adequate levels of spending authority.	<p>Horizon Health Network accepts this recommendation.</p> <p>Horizon will ensure policy review of signature requirements, clear accountability for signatures of contracts is enforced and policies for spending authority are appropriately updated and communicated to all staff implicated in this process as signatories. This will be strengthened in our governance of contracts.</p>	May 31, 2024

Par. #	Recommendation	Regional Health Authority's Response	Target Implementation Date
<b>We recommend the Horizon Health Network:</b>			
<b>2.95</b>	ensure that contracts require patient facing contracted workers to have criminal record and vulnerable sector checks prior to the first day of work.	<p>Horizon Health Network accepts this recommendation.</p> <p>Horizon's policy on Criminal Clearance includes a criminal record and vulnerable sector check for all patient facing staff as a condition to working in our facilities. The approval of a travel nurse did require assurance that criminal check was complete. In the future, Horizon will ensure clear language will be included in contracts in alignment with Horizon policy, as well as auditing and follow up to ensure 100% compliance.</p>	May 31, 2024
<b>2.100</b>	ensure adequate support is provided for all invoices and there are adequate levels of review performed before payment is issued.	<p>Horizon Health Network accepts this recommendation.</p> <p>Horizon will review our internal processes within finance to ensure there is correct oversight and due diligence as well as education of all staff to ensure the necessary support is provided for clear oversight,</p>	May 31, 2024

Par. #	Recommendation	Regional Health Authority's Response	Target Implementation Date
<b>We recommend the Horizon Health Network:</b>			
		review, and approvals prior to payment to travel agency suppliers.	
<b>2.102</b>	ensure billed rates are in compliance with the contract terms and rates.	<p>Horizon Health Network accepts this recommendation.</p> <p>Horizon will review our internal documents, as well as the process to review all billed rates, We will ensure full compliance with contract terms and rates during all future contract engagement and payments.</p>	May 31, 2024
<b>2.105</b>	perform a post implementation review on the use of contracted travel nurses. This review should establish alternative options for dealing with short-term and long-term staff shortages.	<p>Horizon Health Network accepts this recommendation.</p> <p>Horizon will initiate a full evaluation of travel nurse contracts, engagement process, working arrangements and completion of work to review the efficiency and effectiveness of the travel nurse agency engagement. This information will be used on a proactive basis to guide any future decision making and changes in practices to ensure value-based procurement practices are clearly in place, monitored and reviewed</p>	September 2024



Par. #	Recommendation	Regional Health Authority's Response	Target Implementation Date
<b>We recommend the Horizon Health Network:</b>			
		for impact. Our leadership team will also ensure that all alternative options to address staffing challenges are appropriately and proactively reviewed to avoid engagement with travel nurse companies as far as possible in future.	

## Vitalité Health Network

Par. #	Recommendation	Regional Health Authority's Response	Target Implementation Date	AGNB Response
<b>We recommend the Vitalité Health Network:</b>				
<b>2.119</b>	use data to ensure staffing resources are assigned to facilities facing the most risks.	<p>The proposed correlation between <u>facility</u> absenteeism/vacancies and agency staff expenditures in this report by the Auditor General of New Brunswick is misleading and not representative of the greatest risk. Furthermore, the Auditor General explains in section 2.121 that the absences are related to COVID-19. We need to rectify this assertion, as COVID-19 accentuated retirements, thus increasing the impact on staff shortages, which were already significant.</p> <p>The Network ensures that travel staff resources are allocated to the areas of greatest risk, including emergency, hemodialysis, surgical suite, surgical, mother-child, medical, extended care, intensive care and psychiatry. Considering the widespread lack of staff in the</p>	Already underway	<p>Staff absences due to Covid-19 was one key driver for the use of contracted health care staff.</p> <p>Vitalité was unable to provide us with documentation showing that staff absences due to Covid-19 was considered when providing travel nurse support to various facilities.</p>

Par. #	Recommendation	Regional Health Authority's Response	Target Implementation Date	AGNB Response
<b>We recommend the Vitalité Health Network:</b>				
		<p>Network, which you were able to ascertain from the reports requested in connection with the absenteeism report submitted last April 17. The assignment of agency staff enabled us to ensure continuity of essential services while maintaining a minimum threshold of patient care hours to avoid:</p> <ul style="list-style-type: none"> <li>• the closure of the Campbellton Regional Hospital Emergency Department</li> <li>• a 65% reduction in emergency room capacity at the Dr-Georges-L.-Dumont University Hospital Centre</li> <li>• that no emergency dialysis service is available</li> <li>• that every day, 60 patients requiring hemodialysis would have remained untreated, with a risk of death.</li> </ul>		

Par. #	Recommendation	Regional Health Authority's Response	Target Implementation Date	AGNB Response
<b>We recommend the Vitalité Health Network:</b>				
		<ul style="list-style-type: none"> <li>• the closure of 57 beds in medical, extended care, intensive care and mother-child programs (in addition to the 100 beds already closed)</li> <li>• the reduction of operating room services, reducing the number of surgeries performed and increasing waiting lists.</li> <li>• the closure of the Restigouche Hospital Centre (the province's forensic psychiatry centre)</li> <li>• a significant reduction in child psychiatry services</li> </ul>		
<b>2.124</b>	obtain board approval for contracts as required under the Board Policy – Expenditure Authorization Limit.	The trustee, during his interview with your office, clearly reiterated that he had given his approval prior to the signature of the said contracts. It is important to note that the use of agency staff was endorsed by the Department of Health. Several meetings were held with the	Already underway	Documented approval of specific contracts, as required by board policy, was not obtained.

Par. #	Recommendation	Regional Health Authority's Response	Target Implementation Date	AGNB Response
<b>We recommend the Vitalité Health Network:</b>				
		<p>Department during which travel nurses were discussed. The trustee was aware of the need for staff and the urgency to act quickly. He even made this publicly clear to the people of N.B. last March in a written media release.</p> <p>The Network maintains its position that we have complied with the Board Policy – Expense Authorization Limit; however, we will ensure that we maintain documentary evidence that such approval has been obtained in the future.</p>		
<b>2.137</b>	ensure the development and use of guidelines and selection criteria to support the selection of vendors.	The Network had to act quickly to counter the nursing shortage. As mentioned in our correspondence of April 24, here are the selection criteria used in the selection of vendors. Please note that only a very limited number of agencies were able to provide the necessary	In compliance with the Public Procurement Act, guidelines and selection criteria are provided for the selection process. The Network had to	Vitalité did not provide guidelines, selection criteria and/or scoring matrices that would support vendor selection.

Par. #	Recommendation	Regional Health Authority's Response	Target Implementation Date	AGNB Response
<b>We recommend the Vitalité Health Network:</b>				
		<p>staff in a timely manner to maintain our service offering:</p> <ul style="list-style-type: none"> <li>• Ability to provide a large volume of human resources quickly</li> <li>• Flexible, agile deployment of resources with experience in specialized fields (hemodialysis, emergency, etc.)</li> <li>• Obtain French or bilingual resources</li> </ul> <p>We would like to point out that all the graphs presented in the auditor's report showing the hourly rates for the various classifications do not allow a comparison between the various vendors. In terms of comparability, it is essential to use the same bases, and comparing team pricing versus individual pricing is not fair, or even comparable,</p>	<p>act quickly to counter the nursing shortage. The contracts were directly related to health and social services, including the need for health care professionals, for which the Public Procurement Act allows certain exemptions in order to ensure the continuity of essential services by maintaining a minimum threshold of safety in terms of patient care hours.</p>	<p>Charts within the report accurately present assumptions used and how hourly rates were calculated. The purpose of the analysis was to highlight the expense of a bundled model for the provision of required in person, direct care staff.</p>

Par. #	Recommendation	Regional Health Authority's Response	Target Implementation Date	AGNB Response
<b>We recommend the Vitalité Health Network:</b>				
		because the level of service offered by the vendor is not the same.		
<b>2.141</b>	ensure that significant contracts of a predetermined dollar value be reviewed by legal counsel.	Since then, all contracts with a substantial monetary value have been examined by a legal advisor.	Already underway	Significant contracts were signed without legal review resulting in risk to government.
<b>2.143</b>	ensure contract terms are reflective of actual service level requirements.	The contracted level of service ensures only the minimum necessary to ensure the continuity of essential services by maintaining a minimum threshold of safety in terms of patient care hours. Service level requirements were analyzed before contracts were signed. Furthermore, we are able to assess this need at the nursing unit level, and this exercise is updated every two weeks.	Already underway	The contract with CHL required minimum daily team deployments regardless of actual need for the entire term of the 3 year contract, essentially guaranteeing the vendor, the contract cap amount.

Par. #	Recommendation	Regional Health Authority's Response	Target Implementation Date	AGNB Response
<b>We recommend the Vitalité Health Network:</b>				
<b>2.145</b>	ensure contracts do not have an auto renewal clause.	Since then, all contractual clauses for contracts with a substantial monetary value have been examined by a legal advisor.	Already underway	Our recommendation was that contracts should not have an automatic renewal clause.
<b>2.147</b>	ensure all contracts are signed by both parties.	All Network contracts are signed by both parties. The contract indicated in the report was sent to the Auditor General as evidence on May 16, 2024, who refused to withdraw the recommendation despite our compliance.	Already underway	The contract referred to in our report was not signed. An attached schedule was signed, however the contract itself was not.
<b>2.151</b>	ensure that contracts require patient facing contracted workers to have a criminal record and vulnerable sector check prior to the first day of work.	Several agencies have confirmed to us that criminal background checks include a simultaneous verification of suitability to work with vulnerable people before their first day on the	June 1, 2024	Our recommendation was that contracts require a criminal record and



Par. #	Recommendation	Regional Health Authority's Response	Target Implementation Date	AGNB Response
<b>We recommend the Vitalité Health Network:</b>				
		job. We will ask the agencies to verify this.		vulnerable sector check.
<b>2.154</b>	ensure that contracts for services have provided for valid and appropriate liability insurance.	We ensure that all contracts with a substantial monetary value are reviewed by legal counsel, and that they carry valid and appropriate liability insurance.	Already underway	No Vitalité travel nurse contracts were reviewed by legal. The contract with CHL did not have appropriate liability insurance. The contract referred to a government sponsored insurance plan, for which outside contractors are not eligible for.
<b>2.165</b>	ensure adequate support is provided for all invoices and that charges are in compliance with contracts before payment is issued.	For Magnus, Goodwill and SPI contracts, the supporting documents included with the invoice are validated before payment.	As of June 15, 2024, CHL will be required to provide supporting documentation with	Payments for all goods and services should not be paid

Par. #	Recommendation	Regional Health Authority's Response	Target Implementation Date	AGNB Response
<b>We recommend the Vitalité Health Network:</b>				
		In the case of CHL, supporting documents are made available upon request and not at the time of invoicing. So there is a potential delay in payment issuance with very tight payment terms (15 days from invoice date). A process is being put in place where an internal resource will be mandated to validate supporting documents, when received.	invoices, as well as the applicable HST amount	without adequate support.
<b>2.169</b>	perform a detailed review of expenses paid to determine opportunities for HST recoveries.	<p>As clarified during our meeting with the auditor, HST recovery was completed in March 2024. The HST issue applied only to the CHL vendor.</p> <p>Firstly, the calculation in graph 2.171 is incorrect. If the estimated pre-tax expenditure, according to the chart, is \$12,895,178, the sales tax should have been estimated at \$1,934,277.</p>	March 31, 2024	Our audit identified instances where HST had not been captured and recommend a review.

Par. #	Recommendation	Regional Health Authority's Response	Target Implementation Date	AGNB Response
<b>We recommend the Vitalité Health Network:</b>				
		<p>The recovered value recorded in March 2024 is \$1,285,997.</p> <p>In February 2024, a tax review process was initiated, which was completed in March 2024 for all invoices related to the periods identified in this audit. The CRA rule requires that supporting documents with sales tax registration numbers be available in order to claim tax amounts. CHL did not provide Vitalité Health Network with the supporting documents for September 2022 to September 2023 until October 2023, and the invoices for October 2023 to January 2024 at the end of January 2024. As a result, invoice processing by Accounts Payable did not allow sales taxes to be claimed in a timely manner.</p>		

Par. #	Recommendation	Regional Health Authority's Response	Target Implementation Date	AGNB Response
<b>We recommend the Vitalité Health Network:</b>				
<b>2.170</b>	improve processes to ensure review of the appropriate treatment of HST before processing and payment.	As stated during our meeting with the auditor, the invoice review process is underway to ensure that sales taxes are taken into account when invoices from CHL are processed by Accounts Payable. However, we note that there are delays in obtaining supporting documents, which puts pressure on compliance with payment terms. Example invoice # 2551 dated May 9, 2024, due May 24, no supporting documents received as of May 14. Contrary to what the auditor states in section 2.172, responsibility for HST processing and compliance lies with Accounts Payable and not with the invoice approver.	As of June 15, 2024, CHL will be required to provide supporting documentation with invoices, as well as the applicable HST amount	
<b>2.174</b>	perform a post implementation review on the use of contracted travel nurses. This review should establish alternative options for	A post-partum review is scheduled for 2026 after implementation of the agency staffing project. As mentioned during the interview with the President and CEO, we have a	April 1, 2026	

Par. #	Recommendation	Regional Health Authority's Response	Target Implementation Date	AGNB Response
<b>We recommend the Vitalité Health Network:</b>				
	dealing with short-term and long-term staff shortages.	<p>solid human resources work plan in terms of recruitment and retention planning. In addition, we are currently working on contingency plans to deal with short- and long-term staff shortages. I would also like to point out that we monitor the progress and results of the recruitment and retention plan with the extended leadership team at all monthly strategy sessions, to ensure that we are able to wean ourselves off the need for agency staff.</p> <p>In fact, we have managed to reverse the trend in nursing staff arrivals and departures since the summer of 2023.</p>		

## Appendix II: Audit Objective and Criteria

The objective and criteria for our audit of the Department of Social Development, Horizon and Vitalité Health Networks are presented below. Social Development and the health authorities and their senior management reviewed and agreed with the objective and associated criteria.

<b>Objective</b>	<b>To determine if government contracts with private nursing agencies were reflective of best practices and demonstrated value for money.</b>
Criterion 1	There was a clearly identified need for services based on documented short- and long-term planning objectives.
Criterion 2	Contracted services were obtained for the best value.
Criterion 3	Adequate processes were in place to support payment of invoices to contractors including: <ul style="list-style-type: none"><li>• Verification that services were received for payments rendered</li><li>• Billed amounts were in compliance with signed agreements</li><li>• Payments were appropriately authorized</li></ul>
Criterion 4	A post implementation review has been conducted to determine whether the use of travel nurses best achieves required service levels in a cost-effective manner (in both the short and long-term)

## Appendix III: Independent Assurance Report

This independent assurance report was prepared by the Office of the Auditor General of New Brunswick on the Department of Social Development, Horizon and Vitalité Health Networks and their travel nurse contracts. Our responsibility was to provide objective information, advice, and assurance to assist the Legislative Assembly in its scrutiny of these entities with respect to the management of travel nurse contracts.

All work in this audit was performed to a reasonable level of assurance in accordance with the Canadian Standard on Assurance Engagements (CSAE) 3001 – Direct Engagements set out by the Chartered Professional Accountants of Canada (CPA Canada) in the CPA Canada Handbook – Assurance.

AGNB applies the Canadian Standard on Quality Management 1 – Quality Management for Firms That Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements. This standard requires our office to design, implement, and operate a system of quality management, including policies or procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

In conducting the audit work, we have complied with the independence and other ethical requirements of the Rules of Professional Conduct of Chartered Professional Accountants of New Brunswick and the Code of Professional Conduct of the Office of the Auditor General of New Brunswick. Both the Rules of Professional Conduct and the Code are founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality, and professional behaviour.

In accordance with our regular audit process, we obtained the following from management:

- confirmation of management's responsibility for the subject under audit
- acknowledgement of the suitability of the criteria used in the audit
- confirmation that all known information that has been requested, or that could affect the findings or audit conclusion, has been provided
- confirmation that the findings in this report are factually based

### **Period covered by the audit:**

The audit covered the period between January 1, 2022, to February 29, 2024. This is the period to which the audit conclusion applies. However, to gain a more complete understanding of the subject matter of the audit, we also examined certain matters outside of this period as deemed necessary.

### **Date of the report:**

We obtained sufficient and appropriate audit evidence on which to base our conclusion on May 31, 2024, in Fredericton, New Brunswick.





# Department of Education and Early Childhood Development - Pupil Transportation





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# 2024 Volume I

## Chapter 3 Highlights

<b>Several instances of non-compliance with legislation and policy</b>	<b>Many buses have overdue inspections and lack required maintenance</b>	<b>No targets or objectives have been set for recruitment and retention of bus drivers</b>
<b>Department lacks oversight mechanisms</b>		

### Overall Conclusions

Our audit work concluded that the Department of Education and Early Childhood Development (the department) does not have effective systems and processes to ensure school district compliance with legislation and departmental policies relating to pupil transportation. Additionally, adequate strategies are not in place to ensure sufficient staffing levels of bus drivers.

Of utmost concern to us, is that despite our office’s extensive audit of pupil transportation in 2001, several gaps in levels of compliance still remain. We see little improvement in the area of departmental monitoring and oversight.

While the department has begun to develop a school bus driver recruitment and retention strategy, no targets or objectives have been set.

# Results at a Glance

## Pupil Transportation

### Lack of Departmental Oversight



### Non-Compliance with Legislation



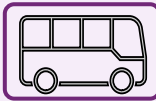
### Findings



**46%** of driver files did **not** demonstrate compliance with licensing requirements for employment



**20%** of drivers did **not** have a criminal record check on file



**37%** of drivers did **not** have evidence of completion of bus driver training at hire



**42%** of bus drivers did **not** have proof of first aid training at hire



**68%** of bus drivers did **not** have performance appraisals in the last 5 years



**45%** of Commercial Vehicle Enforcement bus inspection reports noted deficiencies

## About the Audit

### Introduction to the Audit

- 3.1 At the time of our 2001 audit, the department had a Pupil Transportation Branch, consisting of 4 employees, including a Director of Pupil Transportation. Now, known as the Educational Facilities and Pupil Transportation Branch, there are two distinct pupil transportation staff – a Pupil Transportation Coordinator and a Lead Application and Tech Support Analyst.
- 3.2 The branch has the mandate to “*provide districts with support and expertise in the planning and management of educational facilities and pupil transportation,*” with the objective of “implementation of a safe and efficient pupil transportation service”.
- 3.3 Pupil transportation is governed by the *Pupil Transportation Regulation* under the *Education Act*, as well as a number of departmental policies, which are implemented by District Education Councils and district superintendents.
- 3.4 The *Motor Vehicle Act* provides standards regarding driver licensing requirements and required timelines for inspections.

### Why we Chose this Topic

- 3.5 As of April 5, 2024, over 107,000 children in New Brunswick were enrolled in the K-12 public school system, of which 78% are bused. Non-compliance with legislation and departmental policies surrounding pupil transportation could increase the risk of endangering a vulnerable population.
- 3.6 Some areas of the province are experiencing challenges with the recruitment and retention of bus drivers, contributing in part to a rise in late and cancelled buses.

### Auditee

- 3.7 Our auditee was the Department of Education and Early Childhood Development (the department). We also made inquiries and obtained audit evidence from the Department of Transportation and Infrastructure (DTI), the Department of Justice and Public Safety (JPS) and the province’s seven school districts.

### Audit Objectives

- 3.8 Our audit objectives were to determine if the Department of Education and Early Childhood Development has:
  - effective systems and processes to monitor and ensure school district compliance with legislation and departmental policies relating to pupil transportation

- strategies in place to ensure sufficient staffing levels of bus drivers

## Audit Scope

- 3.9** Our audit scope included the department's role in ensuring compliance with legislation and departmental policies relating to pupil transportation and in strategy development for the shortage of school bus drivers.
- 3.10** The audit covered the period from January 1, 2022 – February 1, 2024. Information outside of this period was also collected and examined as deemed necessary.
- 3.11** As part of our work, we reviewed school bus driver personnel files, relevant policy, legislation, contracts, and school bus inspection and maintenance data. We met with departmental and district staff, and a sample of school bus drivers.
- 3.12** More details on the audit objectives, criteria, scope, and approach we used in completing our audit can be found in Appendix II and Appendix III.

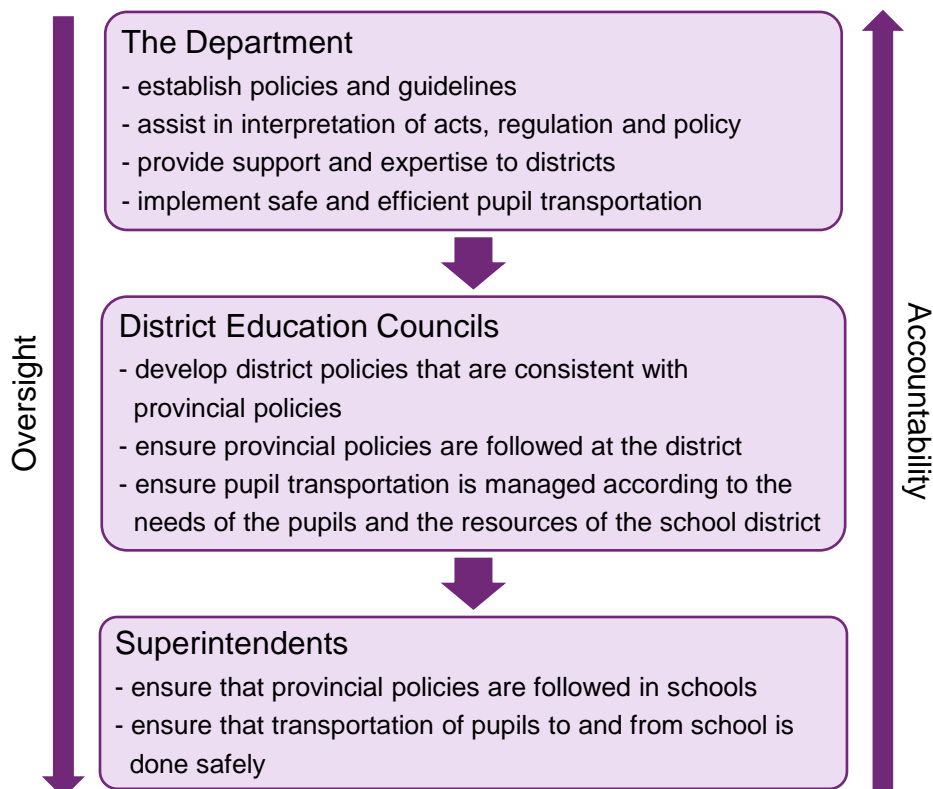
## Conclusion

- 3.13** Our audit work concluded that the department does not have effective systems and processes to monitor and ensure compliance with legislation and departmental policies relating to pupil transportation. Additionally, the department does not have strategies in place to ensure sufficient staffing levels of bus drivers. Overall findings are as follows:
- There are no formal oversight mechanisms for compliance with legislation and policy related to pupil transportation
  - None of the tested school districts demonstrated full compliance with legislation and policy
  - We found 63 school buses with overdue motor vehicle inspections, and 311 with overdue maintenance
  - The department is in the early stages of developing a provincewide recruitment and retention strategy, however they have not:
    - set any targets or objectives for staffing levels
    - established a contingency plan to address short-term absences



## Background

- 3.14** The New Brunswick public school system is comprised of seven school districts. As of January 26, 2024, there were 1,304 provincially owned and leased school buses in operation in the province, operated by 1,067 permanent and 275 casual drivers. Districts do, in some cases, use contracted conveyance for transporting students.
- 3.15** The school districts are supported by the Educational Facilities and Pupil Transportation Branch of the department in the planning and management of pupil transportation via the provision of policy interpretation, guidance and expertise.
- 3.16** Under departmental Policy 514 on Pupil Transportation Management, the department affirms its commitment *“to ensuring students are transported to and from school in a secure manner,”* and its belief in *“the shared management of schools with District Education Councils.”*
- 3.17** We prepared the following chart describing pupil transportation related responsibilities of the department, the District Education Councils and the superintendents of each district as noted in policy, legislation or departmental websites.



- 3.18** The focus of this audit was the performance of the department as a central oversight body to the school districts, as this has a direct impact on the safety and efficiency of pupil transportation provincewide.

## Testing Level of Compliance

- 3.19** We performed detailed testing at four of the seven school districts to assess compliance with:

- the *Pupil Transportation Regulation* under the *Education Act*
- the *Motor Vehicle Act*
- key departmental policies relating to pupil transportation

- 3.20** We selected Anglophone South school district (ASD-S), Anglophone West school district (ASD-W), Anglophone East school district (ASD-E), and Francophone sud school district (DSF-S) for detailed testing based on the following factors:

- geographical size
- number of school bus drivers
- spending on pupil transportation
- number of students
- bus driver vacancies
- presence of private contract buses
- coverage of anglophone and francophone districts

- 3.21** We reviewed the personnel files for:

- 60 provincial drivers
- 5 contracted drivers

- 3.22** We also physically examined 20 school buses and interviewed 8 bus drivers to gain additional insights about the pupil transportation system.

- 3.23** We examined inspection and maintenance data from the Vehicle Management Agency (VMA) of DTI and supplementary inspections performed by the Commercial Vehicle Enforcement Branch (CVE) of JPS, to assess compliance with inspection and maintenance requirements.

## Non-Compliance with Driver Employment Standards

- 3.24** The *Pupil Transportation Regulation* and departmental policies stipulate several requirements for school bus drivers including:

- a valid license
- an appropriate driver abstract (driving history)
- a criminal record check

- physical fitness (as per a medical examination)
- mandatory training

### Lack of valid licensing

**3.25** School bus drivers require at minimum, a class 2 license with a B or C endorsement. Of the 65 driver personnel files tested, we noted:

- 38% (25) did not have a license on file at hire
- 12% (8) did not have a license on file at the time of our review
- 8% (5) had a license with an inappropriate class or endorsement at hire
- 3% (2) had a license with an inappropriate class or endorsement at the time of our review

### Inconsistent driver abstracts

**3.26** A driver abstract is a record of one's driving history. It would show any motor vehicle infractions in the province as well as those forwarded from other co-operating jurisdictions in Canada and the United States. The *Pupil Transportation Regulation* stipulates that superintendents are to obtain a driver abstract before employment and at each license renewal. Departmental Policy 215 on Driver Record states that a driver record will be unacceptable when the driver or candidate:

- has 3 distinct events under the *Motor Vehicle Act* within 2 consecutive years during the past 5 years
- has any criminal code driving conviction
- has ever had an event that by its severity, affords reasonable grounds that they would not be suitable to drive a school vehicle

**3.27** Of the 65 driver personnel files tested we noted:

- 25% (16) did not have a driver abstract at time of hire
- 22% (14) did not have a driver abstract at the time of license renewal
- 2 had prior driver abstracts on file (from outside our audit period) that would not meet policy requirements as noted above

**3.28** We noted one driver abstract with an infraction for the use of an imitation inspection sticker. Another driver had the following infractions across several abstracts such that the record would be deemed unacceptable under Policy 215:

- 2001: speeding
- 2004: speeding
- 2005: speeding
- 2005: speeding
- 2007: accident
- 2008: driver not wearing seatbelt
- 2008: accident
- 2013: speeding
- 2015: collision

- 3.29** In our testing we observed a driver's criminal record with convictions relating to driving under the influence, the last one dated 10 years prior to their hire date as a school bus driver.
- 3.30** Under this policy, it is the responsibility of the superintendent to make the final determination on the acceptability of the driving record. None of these cases had evidence of superintendent review and approval.

### Recommendation

- 3.31 We recommend the Department of Education and Early Childhood Development ensure that districts obtain and retain the following for all school bus drivers, both at hire and at each license renewal:**
- **A driver's license of the appropriate class**
  - **An acceptable abstract of driving record**
  - **Superintendent approval of any driving records where acceptability is in doubt.**

### Lack of criminal record checks

- 3.32** As school bus drivers are in direct contact with a vulnerable population, a criminal background check is a legislated requirement for the position under the *Pupil Transportation Regulation*.
- 3.33** Of the 65 driver personnel files we tested, 20% (13) did not have a criminal record check on file. While 7 of those 13 drivers were hired prior to 2001, when this requirement came into force, we would still have expected the district to ensure a subsequent record check as a best practice.

### Recommendation

- 3.34 We recommend the Department of Education and Early Childhood Development ensure that districts obtain and retain criminal background checks for all school bus drivers.**

### Improvements required for proof of medical examination for bus drivers over 65

- 3.35** The *Pupil Transportation Regulation* requires that proof of medical fitness be provided for school bus drivers before employment and at each license renewal, and that the driver must pass a medical examination:
- every 4 years if the person is under 45 years of age
  - every 2 years if the person is between 45 and 65 years of age
  - annually if the person is over 65 years of age

**3.36** Systems are in place such that a school bus driver cannot obtain or renew their license without providing proof of medical fitness to the driver examiner. The districts rely on this control to ensure drivers are physically fit at time of hire and license renewal, though this does not account for medical examinations required more frequently due to the age of the driver.

**3.37** We observed some districts using system notifications to ensure drivers obtained appropriate medical examinations given their age, though this control was not employed by all districts examined.

### Recommendation

**3.38** We recommend the Department of Education and Early Childhood Development ensure that districts establish processes to verify that medical examinations are passed annually for school bus drivers over 65 years of age.

### Improvements required for mandatory training

**3.39** The *Pupil Transportation Regulation* in combination with departmental Policy 508 on the School Bus Driver Training Program specify bus driver training requirements of:

- satisfactory completion of the School Bus Driver Training Program at hire
- annual attendance in a driver training refresher course
- a valid first aid certificate at hire and at each license renewal

**3.40** Of the 65 driver personnel files tested, we noted:

- 37% (24) did not have evidence of completion of the bus driver training at time of hire
- 17% (11) did not have evidence of annual refresher training
- 42% (27) did not have evidence of first aid training at time of hire
- 17% (11) did not have a valid first aid certificate at license renewal

### Recommendation

**3.41** We recommend the Department of Education and Early Childhood Development ensure that districts obtain and retain evidence that all required training has been completed by all school bus drivers, including:

- The School Bus Driver Training Program, at hire
- A driver training refresher course at least annually
- First Aid training at hire and at each license renewal

**3.42** We also noted that Policy 508 on the School Bus Driver Training Program does not specify what material should be covered by annual refresher courses. The department indicated that it has no expectations regarding the content of refresher training and that they “*let the districts decide what they want to refresh bus drivers on, since they are more in the know about what the current issues are.*”

**3.43** While there are benefits to districts tailoring training to their needs, it is best practice for key risk elements to be standardized and required to be covered each year.

### Recommendation

**3.44** We recommend the Department of Education and Early Childhood Development develop standardized guidelines for annual bus driver refresher training.

## Lack of Performance Appraisals

**3.45** As per the *Education Act*, each district superintendent is responsible for “*ensuring that the performance of school personnel is evaluated,*” including bus drivers. While no timeline is defined for performance appraisals in the *Act*, they are a valuable tool to ensure drivers are meeting expectations and understand their role.

**3.46** Implementation of the legislated requirement for performance appraisals for bus drivers varied in the 4 districts we tested as follows:

- one does not conduct performance appraisals
- one has begun doing appraisals recently, for a small number of drivers
- one does performance appraisals on a 5-year rotation
- one does appraisals of permanent drivers on a 3-year rotation

**3.47** Of the 65 driver personnel files tested, 68% (44) had not had performance appraisals in the last 5 years.

### Recommendation

**3.48** We recommend the Department of Education and Early Childhood Development ensure that districts perform regular performance appraisals of school bus drivers.

## Inconsistent Understanding of Responsibilities

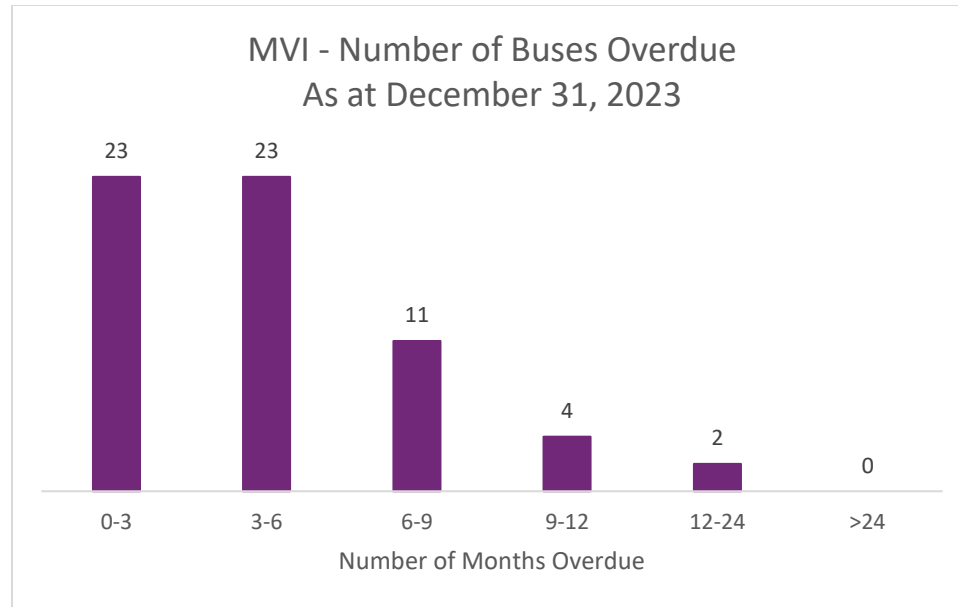
- 3.49** While not required under legislation and policy, regular review and acknowledgement of understanding of key responsibilities is a best practice, particularly for a position that deals with the safety of children.
- 3.50** We found that while all tested districts cover legislation and/or policies in initial and ongoing driver training, only one required annual signoff of key policies to indicate that they were read and understood.
- 3.51** All bus drivers that we interviewed expressed that safety was their primary responsibility and were able to demonstrate a detailed understanding of the required pre-trip inspections, though not all were aware of their specific responsibilities under legislation and departmental policies.

### Recommendation

- 3.52** We recommend the Department of Education and Early Childhood Development ensure that districts obtain annual signoff from all school bus drivers to signify that they have read and understood their responsibilities under:
- the *Education Act* and the *Pupil Transportation Regulation*
  - pupil transportation specific policies:
    - Policy 504 – School Vehicle Inspections, Maintenance, and Reduction of Idling
    - Policy 508 – School Bus Driver Training Program

## Past Due Inspection and Maintenance

- 3.53** The *Vehicle Inspections Regulation* under the *Motor Vehicle Act*, and departmental Policy 504 on School Vehicle Inspections, Maintenance and Reduction of Idling stipulate that a motor vehicle inspection must be conducted every 6 months on provincially owned or leased school buses. All of the 20 buses we physically examined, had up to date inspection stickers.
- 3.54** However, when we examined inspection data from VMA we found 63 buses had past due inspections as of December 31, 2023. The following chart shows how long these inspections were overdue:



**3.55** In addition to motor vehicle inspections, the department has a contract with CVE to conduct additional mechanical inspections of a sample of approximately 200 school buses per year. Per the department, these inspections are in-depth and are conducted randomly and without notice.

**3.56** We reviewed all inspections performed by CVE during our audit period (330) and found that 45% (150) inspection reports identified at least one defect. These defects range from minor to issues requiring a school bus be put out of service until corrected. We noted 18 buses placed out of service as a result of these inspections.

**3.57** In total, we observed 311 individual defects across 150 inspection reports. Some defects of note include:

- 35 instances of air leakage relating to the air brake system
- 20 instances of emergency exits not functioning properly
- 17 instances of lights not functioning properly
- 1 bus noted to have a hole in the floor

**3.58** The magnitude and severity of defects noted through these additional inspections highlights the need for timely and thorough motor vehicle inspections.



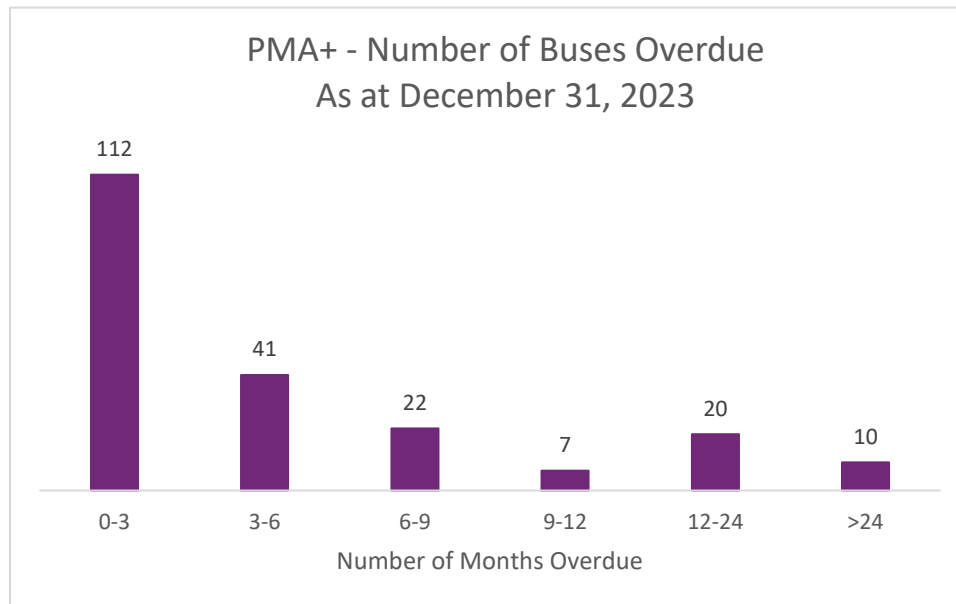
## Recommendation

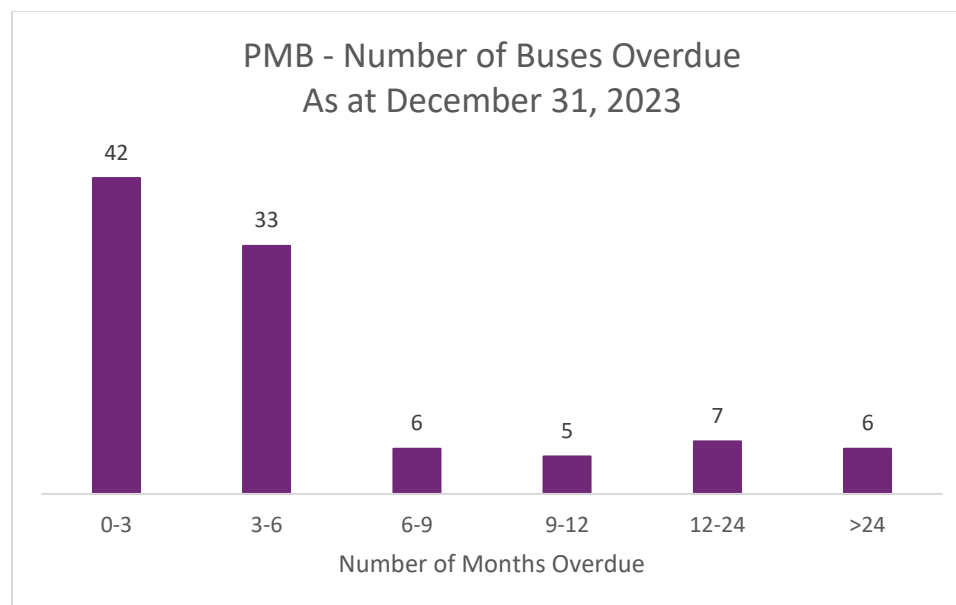
**3.59 We recommend the Department of Education and Early Childhood Development, in cooperation with the school districts and the Vehicle Management Agency, ensure that all school buses receive motor vehicle inspections every 6 months.**

**3.60** The service level agreement between the department and VMA also specifies a schedule for regular preventative maintenance for school buses. There are two main types of preventative maintenance:

- Preventative Maintenance A+ (PMA+) is required every 6 months and consists of a grease job, visual inspection, oil change and filter change
- Preventative Maintenance B (PMB) is required annually and consists of a comprehensive inspection and preventative maintenance of a school bus

**3.61** When we examined data from VMA on school bus maintenance, we found that 212 buses had past due PMA+ and 99 buses had past due PMB. The following charts show how long this required maintenance was overdue:





## Recommendation

**3.62 We recommend the Department of Education and Early Childhood Development, in cooperation with the school districts and the Vehicle Management Agency, ensure that school buses receive all scheduled preventative maintenance based on the schedule in the service level agreement with the Vehicle Management Agency.**

**3.63** A daily pre-trip inspection is a critical component of school bus safety required by the *Pupil Transportation Regulation* and Policy 504. This inspection is intended to “ensure the vehicle is safe to operate and help prevent delays due to breakdown and avoid costly repairs.”

**3.64** School bus drivers are also required under the service level agreement with VMA to maintain daily logbooks, noting daily kilometers or hours of use, fuel consumed, oil added, descriptions of problems, and repairs.

**3.65** Of the 20 buses we examined:

- 10% (2) did not have up-to-date pre-trip inspection sign-off
- 25% (5) did not have completed logbooks for the month examined

## Recommendation

**3.66 We recommend the Department of Education and Early Childhood Development, in cooperation with the school districts, ensure all required documentation in pre-trip inspection sheets and school bus logbooks is present, and kept up to date.**

**3.67** Given the non-compliance noted in driver files and other areas, we inquired with the department about how compliance with legislation and policy is ensured and monitored and were told that there are presently no *“formal methods for oversight.”*

## Strategies to Ensure Sufficient Staffing Levels

### No Targets and Objectives for Staffing Levels

**3.68** The department and districts expressed concerns pertaining to the recruitment and retention of bus drivers, particularly for casual drivers. The department began working on a provincewide recruitment and retention strategy and had started collecting data from districts on demographics, and driver absences. However, no targets or objectives had been established and at the time of our audit, the strategy had been put on hold due to other priorities.

**3.69** Through our conversations with district personnel, we determined there were varying levels of understanding and knowledge of the strategy development. Some were aware of it, and others were not.

## Recommendation

**3.70 We recommend the Department of Education and Early Childhood Development develop a provincewide strategy that addresses actual bus driver recruitment and retention needs and challenges, including measurable targets and objectives that align with projected staffing requirements.**

### No Contingency Plan

**3.71** We inquired with the department as to whether they have implemented any interim measures to address short-term driver absences and were told that there is no contingency plan to address this at the department level.

## Recommendation

**3.72 We recommend the Department of Education and Early Childhood Development, in cooperation with the school districts, establish a contingency plan to address short-term driver absences.**

## Appendix I: Recommendations and Responses

Par. #	Recommendation	Department's Response	Target Implementation Date
<b>We recommend the Department of Education and Early Childhood Development:</b>			
<b>3.31</b>	<p>ensure that districts obtain and retain the following for all school bus drivers, both at hire and at each license renewal:</p> <ul style="list-style-type: none"> <li>• A driver's license of the appropriate class</li> <li>• An acceptable abstract of driving record</li> <li>• Superintendent approval of any driving records where acceptability is in doubt.</li> </ul>	<p>It is the Department's expectation that all School Districts keep bus driver files up to date as appropriate.</p> <p>The Department will explore methods to ensure School Districts remain compliant with bus driver documentation requirements.</p>	Fall 2024
<b>3.34</b>	<p>ensure that districts obtain and retain criminal background checks for all school bus drivers.</p>	<p>This is a requirement within the existing policy framework. It is a school district responsibility to adhere to this requirement.</p> <p>The Department will look at how oversight can be improved.</p>	Fall 2024

Par. #	Recommendation	Department's Response	Target Implementation Date
<b>We recommend the Department of Education and Early Childhood Development:</b>			
<b>3.38</b>	ensure that districts establish processes to verify that medical examinations are passed annually for school bus drivers over 65 years of age.	<p>The Department will review existing Regulations and Acts governing this requirement.</p> <p>Work will then be undertaken with our GNB partners to close the identified gaps.</p>	<p>Initial review to be completed by end of August 2024.</p> <p>Other work will be determined following initial review.</p>
<b>3.41</b>	<p>ensure that districts obtain and retain evidence that all required training has been completed by all school bus drivers, including:</p> <ul style="list-style-type: none"> <li>• The School Bus Driver Training Program, at hire</li> <li>• A driver training refresher course at least annually</li> <li>• First Aid training at hire and at each license renewal</li> </ul>	The Department will develop guidelines which will outline the expectation for the documentation of each bus driver's completion of the required training.	Fall 2024
<b>3.44</b>	develop standardized guidelines for annual bus driver refresher training.	The Department will develop a minimum standard for the annual driver refresher.	August 2024

Par. #	Recommendation	Department's Response	Target Implementation Date
<b>We recommend the Department of Education and Early Childhood Development:</b>			
3.48	ensure that districts perform regular performance appraisals of school bus drivers.	The Department will work with school districts to identify the requirements to complete regular performance appraisals of bus drivers.	Fall 2024 for 2025-26 budget process
3.52	<p>ensure that districts obtain annual signoff from all school bus drivers to signify that they have read and understood their responsibilities under:</p> <ul style="list-style-type: none"> <li>the <i>Education Act</i> and the <i>Pupil Transportation Regulation</i></li> <li>pupil transportation specific policies: <ul style="list-style-type: none"> <li><i>Policy 504 – School Vehicle Inspections, Maintenance, and Reduction of Idling</i></li> <li><i>Policy 508 – School Bus Driver Training Program</i></li> </ul> </li> </ul>	Will be included in the minimum requirements for the annual driver refresher.	August 2024
3.59	in cooperation with the school districts and the Vehicle Management Agency, ensure that all school buses receive motor vehicle inspections every 6 months.	Work is underway to review and improve processes to improve tracking of motor vehicle inspections at the Department level.	End of 2024

Par. #	Recommendation	Department's Response	Target Implementation Date
<b>We recommend the Department of Education and Early Childhood Development:</b>			
<b>3.62</b>	in cooperation with the school districts and the Vehicle Management Agency, ensure that school buses receive all scheduled preventative maintenance based on the schedule in the service level agreement with the Vehicle Management Agency.	Work is underway to develop a system to better track preventative maintenance at the Department level. This will assist in ensuring the prescribed schedule is followed.	End of 2024
<b>3.66</b>	in cooperation with the school districts, ensure all required documentation in pre-trip inspection sheets and school bus logbooks is present, and kept up to date.	The Department will explore potential solutions with school districts for implementation.	End of 2024
<b>3.70</b>	develop a provincewide strategy that addresses actual bus driver recruitment and retention needs and challenges, including measurable targets and objectives that align with projected staffing requirements.	<p>The hiring of school bus drivers as is the case for all other school personnel is the responsibility of individual school districts.</p> <p>The Department will review bus driver recruitment challenges faced by school districts. An appropriate recruitment strategy may be put in place to support school districts in their staffing efforts.</p>	TBD



Par. #	Recommendation	Department's Response	Target Implementation Date
<b>We recommend the Department of Education and Early Childhood Development:</b>			
<b>3.72</b>	in cooperation with the school districts, establish a contingency plan to address short-term driver absences.	<p>School districts are responsible for the day-to-day operations of the pupil transportation system. This includes ensuring that they have plans in place for short-term driver absences.</p> <p>The Department will discuss with school districts to identify opportunities where support may be beneficial.</p>	TBD

## Appendix II: Audit Objectives and Criteria

The objective and criteria for our audit of the Department of Education and Early Childhood Development are presented below. The Department of Education and Early Childhood Development and their senior management reviewed and agreed with the objective and associated criteria.

**Objective 1**      **To determine if the Department of Education and Early Childhood Development has effective systems and processes to monitor and ensure school district compliance with legislation and departmental policies relating to pupil transportation.**

Criterion 1      The Department of Education's systems and processes should ensure that all bus drivers meet required employment standards and training requirements related to:

- Driver training and licensing requirements
- Physical fitness and comportment

Criterion 2      The Department of Education's systems and processes should ensure that there are adequate performance appraisals for bus drivers.

Criterion 3      The Department of Education's systems and processes should ensure that all bus drivers understand their legislated and policy-based roles and responsibilities.

Criterion 4      The Department of Education's systems and processes should ensure that school buses are inspected and maintained adequately.

**Objective 2**      **To determine if the Department of Education and Early Childhood Development has strategies in place to ensure sufficient staffing levels of bus drivers.**

Criterion 1      The department should have established a provincewide strategy that addresses actual bus driver recruitment and retention needs and challenges.

Criterion 2      The department should have set measurable targets and objectives that align with projected staffing requirements.

Criterion 3      The department should have established a contingency plan to address short-term driver absences.

## Appendix III: Independent Assurance Report

This independent assurance report was prepared by the Office of the Auditor General of New Brunswick on the Department of Education and Early Childhood Development and Pupil Transportation. Our responsibility was to provide objective information, advice, and assurance to assist the Legislative Assembly in its scrutiny of the Department of Education and Early Childhood Development with respect to Pupil Transportation.

All work in this audit was performed to a reasonable level of assurance in accordance with the Canadian Standard on Assurance Engagements (CSAE) 3001 – Direct Engagements set out by the Chartered Professional Accountants of Canada (CPA Canada) in the CPA Canada Handbook – Assurance.

AGNB applies the Canadian Standard on Quality Management 1 – Quality Management for Firms That Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements. This standard requires our office to design, implement, and operate a system of quality management, including policies or procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

In conducting the audit work, we have complied with the independence and other ethical requirements of the Rules of Professional Conduct of Chartered Professional Accountants of New Brunswick and the Code of Professional Conduct of the Office of the Auditor General of New Brunswick. Both the Rules of Professional Conduct and the Code are founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality, and professional behavior.

In accordance with our regular audit process, we obtained the following from management:

- confirmation of management's responsibility for the subject under audit
- acknowledgement of the suitability of the criteria used in the audit
- confirmation that all known information that has been requested, or that could affect the findings or audit conclusion, has been provided
- confirmation that the findings in this report are factually based

### **Period covered by the audit:**

The audit covered the period between January 1, 2022 to February 1, 2024. This is the period to which the audit conclusion applies. However, to gain a more complete understanding of the subject matter of the audit, we also examined certain matters outside of this period as deemed necessary.

### **Date of the report:**

We obtained sufficient and appropriate audit evidence on which to base our conclusion on May 31, 2024, in Fredericton, New Brunswick.



# New Brunswick Housing Corporation

## NB Housing Strategy: Housing for All





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# 2024 Volume I

## Chapter 4 Highlights

<b>The strategy has 4 targets and 22 actions</b>	<b>Actions are not clearly linked to targets, and improvements to documentation would increase transparency</b>	<b>Public reporting processes have not yet been established</b>
<b>NBHC can improve processes to ensure the stated targets will be achieved</b>		

### Overall Conclusions

Our audit work concluded that the New Brunswick Housing Corporation (NBHC) has established targets and measurable actions within the NB Housing Strategy. However, there are improvements to be made regarding linkages, transparency, monitoring and reporting on progress.

# Results at a Glance

## NB Housing Strategy

Actions Not Clearly Linked to Targets



Improvements Required for Transparency



### Findings



The strategy does **not** document what actions are linked to specific targets



**73%** of the actions did **not** have a timeline for completion



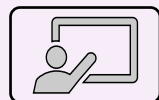
**50%** of the actions did **not** note the overall cost to government



**36%** of the actions were missing key milestones in planning documents



**36%** of the actions did **not** have documented start and/or end date targets



There is **no** documented public reporting strategy

## About the Audit

### Introduction to the Audit

- 4.1** In July 2023, Treasury Board approved the transfer of resources from departments to the New Brunswick Housing Corporation as follows:
- Department of Social Development
    - 158 positions and \$133 million of budgeted expenditures
    - \$38 million in capital funding
    - \$60.2 million of budgeted revenue/recoveries (loans, public housing rent, recoveries from Canadian Mortgage Housing Corporation)
  - Department of Transportation and Infrastructure
    - five positions and \$355,000
  - Service New Brunswick
    - 27 positions and \$1.7 million
- 4.2** The support for shelters and organizations providing services to individuals experiencing homelessness remained with the Department of Social Development.
- 4.3** The NB Housing Strategy: Housing for All (the strategy), was released June 29, 2023. The Minister responsible for NBHC messaged that the strategy represents *“the beginning of our 10-year plan to ensure New Brunswickers have access to safe, affordable and appropriate housing for themselves and their families”*.

### Why we Chose this Topic

- 4.4** The strategy reports that New Brunswick, and Canada are facing a housing crisis like never before. According to data reported by NBHC, population growth has outpaced development and New Brunswick's population is expected to reach 900,000 by 2033.
- 4.5** The strategy documents a vision, guiding principles, goals, targets and actions for the first three years of the 10-year plan.
- 4.6** The goal of our audit was to ensure the strategy was clear, transparent, and included adequate measurement and reporting mechanisms. We intend to perform ongoing monitoring on the progress of the strategy.

## Auditee

**4.7** Our auditee was the New Brunswick Housing Corporation. We also made inquiries and obtained audit evidence from:

- The Department of Environment and Local Government (ELG)
- The Department of Finance and Treasury Board (FTB)
- The Department of Post Secondary Education Training and Labour (PETL)
- The Department of Transportation and Infrastructure (DTI)
- Regional Development Corporation (RDC)
- Service New Brunswick (SNB)

## Audit Objective

**4.8** Our audit objective was to determine if the New Brunswick Housing Corporation has adequate mechanisms in place to ensure the 'NB Housing Strategy: Housing for All' stated targets are achieved.

## Audit Scope

**4.9** The audit covered the period from June 29, 2023 – March 31, 2024. Information outside of this period was also collected and examined as deemed necessary.

**4.10** More details on the audit objective, criteria, scope, and approach we used in completing our audit can be found in Appendix II and Appendix III.

## Conclusion

**4.11** Our audit work concluded that while the New Brunswick Housing Corporation has established targets and actions within the 'NB Housing Strategy: Housing for All', there are improvements to be made to ensure stated targets are achieved.

**4.12** Overall findings are as follows:

- NBHC has established targets with measurable actions in support of the strategy. However, actions are not clearly linked to targets
- there was a lack of clarity pertaining to how stated actions targeted for mid-high income New Brunswickers will have an impact on those households
- actions have been assigned to executive owners and have clearly established outcomes but, in some cases, timelines and costs to government are not documented
- project plans and monitoring tools are in place, but sometimes lack dates, key milestones, and budget details
- public performance reporting mechanisms have not been established

## Background

**4.13** The strategy's 22 actions are documented under 4 strategic pillars aimed at targeting:

1. New Brunswick households with mid-to-high incomes
2. New Brunswick households with low-to-mid incomes
3. Vulnerable households with low incomes
4. A strong foundation for our housing system

**4.14** NBHC has the overall responsibility for the development, monitoring, and reporting of the strategy. In addition, NBHC along with other government departments and organizations have been assigned various actions within the strategy, as we have summarized below:

Strategic Pillar	Action Description	Owner
<b>A Healthy and Competitive Housing Market</b>  • Meeting the needs of households with mid-to-high incomes	Rapid Rural Workforce Housing Pilot: 220 housing units in four rural communities	GNB
	Launch a public awareness campaign to promote modular homes	NBHC
	Extend temporary property tax relief through 2024: limits assessment growth for tax purposes by 10% for eligible non-residential properties and apartment buildings with more than four units	GNB
	A new case management system for the Tenant and Landlord Relations Office	NBHC
<b>Affordable Homes for Low-to-Mid Income Earners</b>	Establish a Housing Working Capital Fund for municipalities and non-profits	RDC
	Rent Bank: short term loans to low-to-mid-income renters	NBHC
	Launch the NB Public Universities Students Housing On-Campus Fund	PETL
	Financial support to Habitat for Humanity: \$70,000 per unit for up to 10 new homes per year	NBHC

	Make government surplus property available for affordable housing development	DTI
<b>A Safe Home for Vulnerable New Brunswickers</b>  <ul style="list-style-type: none"> <li>Meeting the needs of vulnerable households with low incomes</li> </ul>	Direct to Tenant Rental Benefit: \$22 million per year for rental assistance	NBHC
	Build 380 new public housing units over three years	NBHC
	Enhance Affordable Rental Housing Program: provide an additional \$15,000 per unit	NBHC
	Increase funding amount for the development of subsidized housing	NBHC
	Invest \$192 million including funding to non-profits, repairs to government owned subsidized housing, low income working individuals and families, etc.	NBHC
	Increase funding level for landlords: Residential Rehabilitation Assistance Program	NBHC
	Begin a comprehensive review of existing NBHC programs	NBHC
<b>A Strong Foundation for our Housing System</b>	Three-year Residential Construction and Manufacturing Action Plan: recruit and/or pre-qualify 10,000 individuals from India (or other country), launch international student co-op carpentry program, support skills/trades.	PETL
	Work with Regional Service Commissions to explore opportunities to better coordinate efforts	RDC
	Establish a Small Communities Housing Infrastructure Fund: \$20 million per year	RDC
	Work with and financially support the New Brunswick Non-Profit Housing Association	NBHC
	Launch preliminary guidelines for housing needs assessments by fall 2023	NBHC ELG
	Work with communities to reduce barriers by improving policies and by-laws	NBHC ELG

**4.15** The current strategy has a budget of \$551 million, which includes:

- \$379 million (69%) in previously committed funding
- \$172 million (31%) of new funding

**4.16** The strategy states it has “*identified \$500 million over three years in new and previously committed funding by this government and its strategic partners to solve our housing crisis*”. The costs that have been documented in the three-year strategy related to the actions total \$458.8 million.

## Clearly Established Targets

**4.17** The strategy has four clearly established targets as detailed below:

- *Increase housing starts with a target of 6,000 per year. This would be equivalent to building another City of Fredericton in eight years. In 2022, the province experienced record development with 4,680 new starts.*
- *Reduce the percentage of NB households spending more than 30 per cent of income on shelter costs to less than 15 per cent*
- *Create conditions to hold annual rent increases at an average of 2.5 per cent and the percentage change in average home prices to 4.8 per cent*
- *Decrease the number of households in need of subsidized housing to 7,500 by 2026 from the current waitlist of more than 11,000*

**4.18** The targets are well presented, easy to understand, and measurable in terms of being able to know if outcomes were achieved or not. However, baseline data was not publicized for the following two targets:

- *reduce the percentage of NB households spending more than 30 per cent of income on shelter costs to less than 15 per cent*
- *create conditions to hold annual rent increases at an average of 2.5 per cent and the percentage change in average home prices to 4.8 per cent*

**4.19** Without baseline data for where we are today, it is difficult for New Brunswickers to know the reasonableness of the targets.

## Recommendations

**4.20** We recommend the New Brunswick Housing Corporation include baseline data for the established targets in the ‘NB Housing Strategy: Housing for All’.

## Actions Not Clearly Linked to Targets

- 4.21** The strategy highlights 22 actions intended to support and enable the achievement of the four housing targets. However, the strategy does not document what actions are linked to specific targets, and NBHC was unable to provide us with clear linkages. New Brunswickers and decision makers will not know which actions (or inactions) are driving success (or failure).

### Recommendation

- 4.22** We recommend the New Brunswick Housing Corporation publish linkages between the stated actions and the targets they support within the ‘NB Housing Strategy: Housing for All’.

## Targeted Income Levels are Not Defined

- 4.23** The strategy has categorized each of its 22 actions under one of four strategic pillars, differentiated by household income level as follows:

Strategic Pillar 1: a healthy and competitive housing market - meeting the needs of households with mid-to-high incomes

Strategic Pillar 2: affordable homes for low-to-mid-income earners - meeting the needs of working households with low-to-mid incomes

Strategic Pillar 3: a safe home for vulnerable New Brunswickers - meeting the needs of vulnerable households with low incomes

Strategic Pillar 4: a strong foundation for our housing system

- 4.24** The actions within each strategic pillar are “*designed to complement each other and create conditions where no one in New Brunswick is required to spend more than 30 per cent of their income for safe and appropriate housing*”. However, the strategy does not define what income levels are considered high, medium, or low, making it challenging for the public and stakeholders to understand, evaluate, and hold NBHC accountable.



## Recommendation

- 4.25 We recommend the New Brunswick Housing Corporation define what New Brunswick household income levels are considered high, medium or low to enhance clarity, accountability and transparency.**

## Actions Not Clearly Linked for Mid - High Income Levels

- 4.26** The actions that were categorized as addressing the needs of New Brunswickers based on various household income levels appeared to be clear, except for those under strategic pillar 1, intended to meet the needs of those with mid to high incomes. The actions were as follows:
- development of 220 housing units in at least four rural communities across the province determined through current vacancy rates or targeted hiring projects
  - launch an awareness campaign to promote modular homes
  - extend (by one year) the current property tax relief program for non-residential properties and apartment buildings with four or more units
  - allocate a previously announced \$1 million for a new case management solution at the Tenant and Landlord Relations office
- 4.27** When we enquired with NBHC senior management as to how these actions would impact mid to high income New Brunswickers, we were informed, that while not noted in the strategy, the development of 220 homes focused on working newcomers and that modular homes were being used.

## Recommendation

- 4.28 We recommend the New Brunswick Housing Corporation clearly document how each action impacts targeted income levels within each strategic pillar.**

## Improvements Required for Transparency

**4.29** We reviewed the 22 actions in detail to determine if the following attributes were present in the strategy:

- measurable actions
- timelines
- program costs
- identified owner
- source of funding

**4.30** Most actions were measurable, assigned ownership and identified source of funding. However, we noted 16/22 (73%) actions did not have a timeline for completion.

**4.31** Additionally, 11/22 (50%) had no noted overall cost to government. For example:

- extend the temporary Property Tax Relief Program through 2024
- use of government surplus properties
- campaign for modular construction

**4.32** While the strategy details the extension of a program, or increases in subsidies, it does not disclose overall projected costs to government. There is a cost to making government surplus properties available for housing development, as properties have monetary value and could be otherwise sold for revenue. Additionally, there will be costs associated with a launch of a public awareness campaign to promote the use of modular homes.

**4.33** The strategy provides for a three-year Residential Construction and Manufacturing Action Plan. This is a substantial initiative, that includes “*establishing a New Brunswick skilled trades office and/or strategy in India (or other country) to recruit and/or pre-qualify 10,000 individuals in priority trade occupations to support immigration to New Brunswick*”. However, no program costs, or housing solutions for the immigrants were included in the strategy.

**4.34** In some cases, program details were not sufficient to determine if the funding was going to be a loan, forgivable loan, or non-repayable grant. For example, NBHC senior management informed us that the Rapid Rural Workforce Housing Pilot would be “*rent to own*” but this is not clearly detailed in the strategy.

**4.35** One of the actions is to “*invest*” \$3 million over the next two-years to support up to 750 renter households annually, with an average household loan of \$1,500. 1,500 households with an average loan of \$1,500 as stated in the strategy, would be an overall loan disbursement of \$2.25 million. The lending of \$3 million does not

represent the cost to government. The cost to government was not disclosed. The cost would include expenses for developing, implementing, overseeing the program, the opportunity cost (as in what else could government have done with the resources) or interest cost if government had to borrow it, and what percent of the loans will not be paid back, thus resulting in a bad debt expense.

### Recommendation

- 4.36 We recommend the New Brunswick Housing Corporation establish proposed timelines and calculate overall costs to government for all actions in the housing strategy.**

## Project Plans Could be Improved

- 4.37** While there were no standardized project planning templates, we were provided with varying levels of planning documentation pertaining to all 22 action items. NBHC also maintains a comprehensive tracking document in spreadsheet format as a tool to track progress of the 22 actions. We noted the following as of February 2024:

- roles and responsibilities (executive owners) have been assigned
- 8/22 (36%) were missing key milestone information
- 8/22 (36%) did not have start and/or end date targets
- budgeted to actual spending was not included

### Recommendation

- 4.38 We recommend the New Brunswick Housing Corporation ensure project plans and status tracking tools include key milestone information, start and end dates, and budgeted to actual costs.**

## Lack of Public Reporting Strategy

- 4.39** NBHC owns the strategy and has the responsibility to report internally and externally on the status of completion. NBHC senior management holds internal monthly meetings with executive owners of all 22 actions. If an action is off track updates are provided on what is needed to get back on track.
- 4.40** We recognize the strategy is not quite one year old. However, as it is only a three-year strategy, it is important that results are reported publicly in a timely fashion. One of the guiding principles within the strategy is “*accountability and transparency in reporting the outcomes of the strategy’s implementation.*”
- 4.41** A one-page high level update was published at the six-month mark (December 2023), which included a status for 21 of the 22 actions. While the update was of some value, public reporting on actions should include planned vs. actual key milestones, budget, outcomes, and impact on stated targets.
- 4.42** The status of the action ‘Launch Public Awareness Campaign to Promote Modular Homes’ was reported as planned, but as of February 2024, no start date has been identified.
- 4.43** Sixteen actions are identified as “in progress” but no further information was provided, and one action was not included in the update ‘Providing Funding for Accessible Units’.
- 4.44** There has been no public reporting on the achievement of the four stated targets within the strategy. At the time of our audit, NBHC had not established a reporting plan that would include frequency, content, and communication channels.
- 4.45** NBHC informed us the strategy is a “*living document*” and that changes to the current one is anticipated. If current actions are modified and/or deleted, the strategy should provide information as to what had been done to date and why the decision was made to modify the original action.

### Recommendation

- 4.46** We recommend the New Brunswick Housing Corporation establish a performance reporting strategy, that includes frequency, content, and communication channels (internal and external).

## Appendix I: Recommendations and Responses

Par. #	Recommendation	New Brunswick Housing Corporation Response	Target Implementation Date	AGNB Response
<b>We recommend the New Brunswick Housing Corporation:</b>				
<b>4.20</b>	include baseline data for the established targets in the 'NB Housing Strategy: Housing for All'.	Multi-year baseline data trends were used to establish housing targets in May 2023. These charts were provided to the AG.	Implemented.	While baseline data was established, it was not published in the strategy for two of the 4 targets. Without publicizing the baseline, it is difficult for taxpayers to assess the reasonableness of the targets.
<b>4.22</b>	publish linkages between the stated actions and the targets they support within the 'NB Housing Strategy: Housing for All'.	<p>HNB publishes the "HousingNB Results Update" and "Detailed status of NB housing strategy initiatives" each month. These documents are used by HNB, departments and other stakeholders to monitor strategy implementation.</p> <p>HNB will improve communication to the public about strategy implementation and results.</p>	End of Q4 2024-2025	

Par. #	Recommendation	New Brunswick Housing Corporation Response	Target Implementation Date	AGNB Response
<b>We recommend the New Brunswick Housing Corporation:</b>				
<b>4.25</b>	define what New Brunswick household income levels are considered high, medium or low to enhance clarity, accountability and transparency.	<p>HNB will establish measures that enable better clarity across the household income spectrum.</p> <p>For pillar 1, HNB uses the “percent of households in core housing need” to measure the number of vulnerable low-income households.</p>	End of Q4 2024-2025	
<b>4.28</b>	clearly document how each action impacts targeted income levels within each strategic pillar.	<p>HNB established monthly performance measures/dashboards to track the contribution of initiatives and programs to higher level strategic targets.</p> <p>HNB will continue to expand this approach to all areas of the housing strategy.</p>	End of Q4 2024-2025	

Par. #	Recommendation	New Brunswick Housing Corporation Response	Target Implementation Date	AGNB Response
<b>We recommend the New Brunswick Housing Corporation:</b>				
4.36	establish proposed timelines and calculate overall costs to government for all actions in the housing strategy.	The budget for all initiatives were included in the 3-year plan. Timelines have also been established for all initiatives. These were provided to the AG. A few initiatives are in planning stages and have only broad timelines assigned (i.e. by year).	Implemented.	Our recommendation was that costs be calculated for all actions. While an overall budget was assigned to the strategy, and some actions assigned costs, 50% of the actions were not assigned costs. Publishing the cost of what is being proposed is critical to accountability and transparency.
4.38	ensure project plans and status tracking tools include key milestone information, start and end dates, and budgeted to actual costs.	HNB recognizes the need to improve project management practices.	End of Q4 2024-2025	

Par. #	Recommendation	New Brunswick Housing Corporation Response	Target Implementation Date	AGNB Response
<b>We recommend the New Brunswick Housing Corporation:</b>				
<b>4.46</b>	establish a performance reporting strategy, that includes frequency, content, and communication channels (internal and external).	<p>HNB has established a strategy performance monitoring system, used primarily for communication within HNB and GNB.</p> <p>HNB will report on performance in our Annual Report as required under the Accountability and Continuous Improvement Act (ACIA).</p> <p>HNB will provide better information to the public and stakeholders.</p>	<p>As per ACIA</p> <p>End of Q4 2024-2025</p>	



## Appendix II: Audit Objective and Criteria

The objective and criteria for our audit of the New Brunswick Housing Corporation are presented below. The New Brunswick Housing Corporation and their senior management reviewed and agreed with the objective and associated criteria.

<b>Objective</b>	<b>To determine if the New Brunswick Housing Corporation has adequate mechanisms in place to ensure the ‘NB Housing Strategy: Housing for All’ stated targets are achieved.</b>
Criterion 1	The New Brunswick Housing Corporation has clearly established targets with measurable actions in support of the ‘NB Housing Strategy: Housing for All’.
Criterion 2	The New Brunswick Housing Corporation has established roles and responsibilities including documented plans, strategies, assigned resources and timelines to achieve the actions outlined in the ‘NB Housing Strategy: Housing for All’.
Criterion 3	The New Brunswick Housing Corporation has adequate performance reporting mechanisms in place regarding the achievement of stated targets and actions of the ‘NB Housing Strategy: Housing for All’.

## Appendix III: Independent Assurance Report

This independent assurance report was prepared by the Office of the Auditor General of New Brunswick on the New Brunswick Housing Corporation and its 'NB Housing Strategy: Housing for All'. Our responsibility was to provide objective information, advice, and assurance to assist the Legislative Assembly in its scrutiny of the New Brunswick Housing Corporation with respect to 'NB Housing Strategy: Housing for All'.

All work in this audit was performed to a reasonable level of assurance in accordance with the Canadian Standard on Assurance Engagements (CSAE) 3001 – Direct Engagements set out by the Chartered Professional Accountants of Canada (CPA Canada) in the CPA Canada Handbook – Assurance.

AGNB applies the Canadian Standard on Quality Management 1 – Quality Management for Firms That Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements. This standard requires our office to design, implement, and operate a system of quality management, including policies or procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

In conducting the audit work, we have complied with the independence and other ethical requirements of the Rules of Professional Conduct of Chartered Professional Accountants of New Brunswick and the Code of Professional Conduct of the Office of the Auditor General of New Brunswick. Both the Rules of Professional Conduct and the Code are founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality, and professional behaviour.

In accordance with our regular audit process, we obtained the following from management:

- confirmation of management's responsibility for the subject under audit
- acknowledgement of the suitability of the criteria used in the audit
- confirmation that all known information that has been requested, or that could affect the findings or audit conclusion, has been provided
- confirmation that the findings in this report are factually based

### **Period covered by the audit:**

The audit covered the period between June 29, 2023, to March 31, 2024. This is the period to which the audit conclusion applies. However, to gain a more complete understanding of the subject matter of the audit, we also examined certain matters outside of this period as deemed necessary.

### **Date of the report:**

We obtained sufficient and appropriate audit evidence on which to base our conclusion on May 31, 2024, in Fredericton, New Brunswick.

# Mental Health Trust Fund No. 9 – Departments of Health and Finance and Treasury Board





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# 2024 Volume I

## Chapter 5 Highlights

**There is no plan in place to make use of the funds for deserving New Brunswickers**

**The Department of Health does not have an adequate understanding of the Trust**

**After 46 years, the donor's wishes have not been fulfilled**

### Overall Conclusions

Our audit work on the Mental Health Trust Fund No. 9 concluded that the Department of Health has not been effective in fulfilling their obligations pertaining to the Trust. The Department of Finance and Treasury Board has effectively fulfilled their obligations pertaining to the Trust.

# Results at a Glance

## Mental Health Trust Fund No. 9

Trust Funds Remain Unused After 46 years



### Findings



Department of Health officials did **not** have an adequate understanding of the Trust



Department of Health did **not** have mechanisms in place to allow for use of the Trust



Department of Finance and Treasury Board **has** effectively fulfilled its duty in reporting and investing





## About the Audit

### Introduction to the Audit

- 5.1** The Province of New Brunswick is named trustee of The Mental Health Trust Fund No. 9 (the Trust) in the notes to the annual consolidated financial statements. The Trust was valued at \$1.6M as of March 31, 2023, and is described as being “used to pay for the psychoanalysis treatment of deserving New Brunswick residents”.
- 5.2** As per sections 29(1) and 29(2) of the *Trustees Act*, a trustee has a fiduciary duty in the administration of the trust to act in good faith and in accordance with the terms of the trust. “A trustee shall exercise the powers and perform the duties of the office of the trustee solely in the best interests of the beneficiaries or purposes of the trust.”
- 5.3** Our audit is not to imply judgement as to the purpose of the Trust but to determine if it has been managed effectively.

### Why we Chose this Topic

- 5.4** Demand for addictions and mental health services continues to rise in New Brunswick with less than 50% of high priority cases receiving treatment within national benchmarks. Timely access to mental health treatment has been established as a key action area for the Department of Health.
- 5.5** The Trust’s value continues to increase year over year increasing the risk that the Province is not exercising its fiduciary duty to fulfil the donor’s intentions and its resources are not being made available to address the pressing needs in our community.

### Auditee

- 5.6** Our auditees were the Department of Health and the Department of Finance and Treasury Board.

### Audit Objective

- 5.7** Our audit objective was to determine if the Department of Health and the Department of Finance and Treasury Board have effectively fulfilled their obligations pertaining to the Mental Health Trust Fund No. 9.

## Audit Scope

- 5.8** We examined Department of Health's and Department of Finance and Treasury Board's actions in fulfilling their obligations pertaining to the Trust.
- 5.9** The audit covered the period from the Trust's creation in 1977 to February 29, 2024. Information outside of this period was also collected and examined as deemed necessary. As part of our work, we interviewed department officials, and reviewed associated documents and financial reporting of trust fund assets.
- 5.10** More details on the audit objective, criteria, scope, and approach we used in completing our audit can be found in Appendix II and Appendix III.

## Conclusion

- 5.11** Our audit work concluded that the Department of Finance and Treasury Board has effectively fulfilled their obligations pertaining to the Mental Health Trust Fund No. 9. The Department of Health has not been effective in fulfilling their obligations pertaining to the Mental Health Trust Fund No. 9 and our overall findings are:
- Department of Health officials do not have an adequate understanding of the Trust
  - the Department of Health did not have the mechanisms in place to allow for timely use of the Trust as intended

## Background

- 5.12** The Mental Health Trust Fund No. 9 (the Trust) was established in 1977 from a bequest made to the Province of New Brunswick. The Trust, designated for psychoanalysis treatment of deserving New Brunswickers, represents a financial resource to address a pressing societal need.
- 5.13** A bequest is an act of estate planning whereby an individual leaves a gift to a person, organization, or foundation for a specific purpose in their will creating a lasting legacy. The recipient becomes a trustee to give effect to the intentions of the donation.
- 5.14** In 1977, \$85,866.39 was withdrawn from estate investments and deposited to the Trust. This has an equivalent value of approximately \$420,851.32 at the time of this report.
- 5.15** As the recipient of the bequest, the Province of New Brunswick is the legal Trustee of the Trust with the fiduciary duty to give effect to the purpose of the trust terms. Upon creation of the Trust over 46 years ago, responsibilities were assigned to both the Department of Health and the Department of Finance, now known as the Department of Finance and Treasury Board through the terms of the Trust. The Trust is governed by the terms of the Trust and the *Trustees Act*.

## Lack of Timely Effort by Department of Health

- 5.16** Under the terms of the Trust, the Department of Health is to draw funds for the purpose of psychoanalysis. The Department has the responsibility to determine which cases are most deserving based on an individual's mental health condition and their financial resources.
- 5.17** Psychoanalysis treatment is not covered under the *Medical Services Payment Act* and we have been informed by the Department of Health that it has not been offered in New Brunswick over the life of the Trust. The Canadian Psychoanalytic Society's webpage lists a total of 336 members throughout Canada, the majority of whom are in the Provinces of Quebec and Ontario and none in Atlantic Canada.
- 5.18** The limitation on the use of the Trust fund assets for psychoanalysis treatment has been identified as a challenge in accessing the funds by the auditees. We were informed there were attempts to apply to the courts to have the terms of the trust modified but these attempts were denied as the Department of Health had not demonstrated enough effort to use the funds for their intended purpose.
- 5.19** In 1995, the then Department of Finance was informed by the Mental Health Commission, later amalgamated with the Department of Health, it had "not had time to deal with the issues relating to the use of funds".
- 5.20** We were not able to obtain evidence of a plan to use the funds, guidelines to evaluate applicants for funding, or communication with the mental health community to ensure there was awareness of the Trust.
- 5.21** At the time of our audit, the Department of Health has acknowledged they have not leveraged the Trust.
- 5.22** We found the Department of Health has not made a timely effort to utilize the funds. The current Departmental officials have little knowledge of the Trust, its terms, and its history. The Department was unable to present evidence of any kind regarding the Trust, including any efforts made to give effect to the terms of the trust and fulfill the donor's wishes.

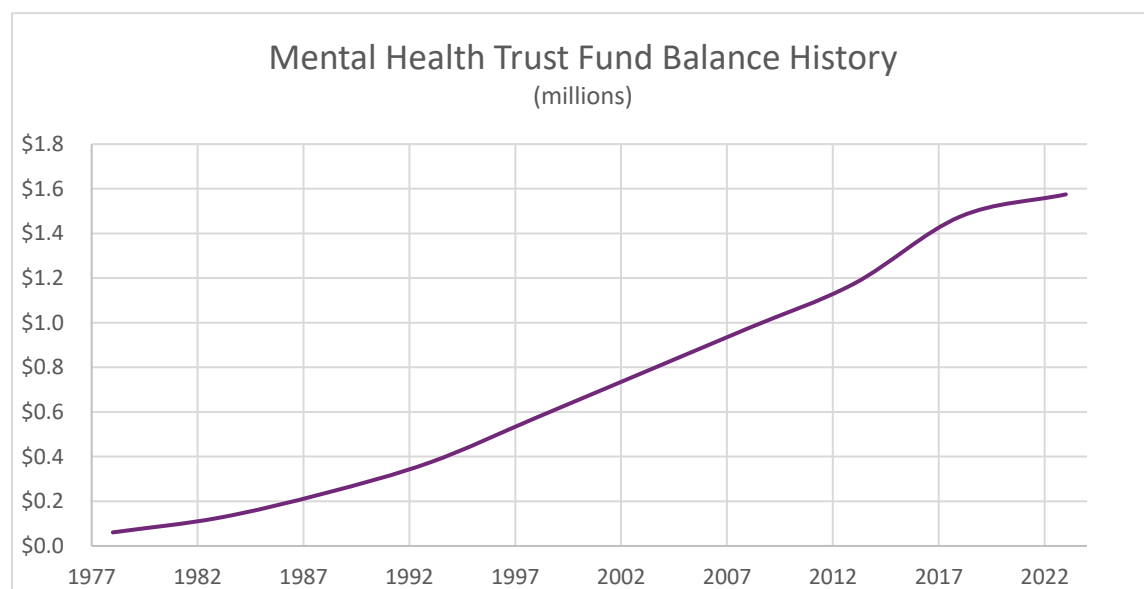
## Recommendation

**5.23** We recommend the Department of Health take action to develop and implement a comprehensive plan to use the funds as per the terms of the trust. This plan should include regularly updating Department of Finance and Treasury Board on progress with Trust programs and cashflow requirements to ensure resources are effectively utilized, outcomes are achieved, and adjustments can be made as needed to optimize impact.

## Trust Effectively Administered by Department of Finance and Treasury Board

**5.24** Under the terms of the Trust, the Department of Finance and Treasury Board is assigned administrative responsibility. For the purposes of our audit, we defined administrative responsibility as having reported and invested the Trust's assets.

**5.25** As of March 31, 2023, the Trust's value is approximately \$1,635,256. The Department of Finance and Treasury Board prepares annual financial statements for the Trust, from which the assets have been disclosed in the notes to the annual audited consolidated financial statements of the Province of New Brunswick. A graph of the Trust's value since its inception to March 31, 2023, is presented below.



- 5.26** Trust assets have increased steadily since inception. The Department of Finance and Treasury Board established an investment policy with a goal of preserving capital and earning income through a buy and hold strategy portfolio of fixed income investments. We have been informed that no investment management expenses are incurred by the Trust. The policy has been reviewed and updated most recently in 2015 and 2023 to ensure investments continue to be appropriate for the circumstances of the Trust. The Department of Finance and Treasury Board sought the Department of Health's input when establishing the policy to ensure the probable duration of the Trust was also considered.
- 5.27** As of March 31, 2023, approximately 30% of assets are liquid and accessible within one year while the remainder of funds are held in long term investments ranging in maturity up to five years. Depending on the future funding needs identified by the Department of Health, there may be a risk to providing capital in a timely fashion to New Brunswickers.
- 5.28** The Department of Finance and Treasury Board has shared information and sought input with the Department of Health at key milestone dates over the life of the Trust in an effort to help the Department of Health utilize the funds as intended.
- 5.29** We found the Department of Finance and Treasury Board has effectively fulfilled its duties as the Administrator of the Trust.

## Appendix I: Recommendation and Response

Par. #	Recommendation	Department's Response	Target Implementation Date
<b>We recommend the Department of Health:</b>			
5.23	take action to develop and implement a comprehensive plan to use the funds as per the terms of the trust. This plan should include regularly updating Department of Finance and Treasury Board on progress with Trust programs and cashflow requirements to ensure resources are effectively utilized, outcomes are achieved, and adjustments can be made as needed to optimize impact.	A comprehensive plan is currently in the process of being developed to ensure proper use of the funds per the terms of the trust. As part of this plan, the Department of Health will provide regular updates to the Department of Finance and Treasury Board	October 2024

## Appendix II: Audit Objective and Criteria

The objective and criteria for our audit of the Departments of Health and Finance and Treasury Board are presented below. The Departments and their senior management reviewed and agreed with the objective and associated criteria.

<b>Objective</b>	<b>To determine if the Department of Health and the Department of Finance and Treasury Board have effectively fulfilled their obligations pertaining to the Mental Health Trust Fund No. 9.</b>
Criterion 1	Department of Health has made all reasonable efforts to utilize the funds as they were intended in a timely manner.
Criterion 2	Department of Finance and Treasury Board has effectively administered the Mental Health Trust Fund No. 9.



## Appendix III: Independent Assurance Report

This independent assurance report was prepared by the Office of the Auditor General of New Brunswick on the Department of Health and the Department of Finance and Treasury Board's Mental Health Trust Fund No. 9. Our responsibility was to provide objective information, advice, and assurance to assist the Legislative Assembly in its scrutiny of these Departments with respect to their obligations under the Trust.

All work in this audit was performed to a reasonable level of assurance in accordance with the Canadian Standard on Assurance Engagements (CSAE) 3001 – Direct Engagements set out by the Chartered Professional Accountants of Canada (CPA Canada) in the CPA Canada Handbook – Assurance.

AGNB applies the Canadian Standard on Quality Management 1 – Quality Management for Firms That Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements. This standard requires our office to design, implement, and operate a system of quality management, including policies or procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

In conducting the audit work, we have complied with the independence and other ethical requirements of the Rules of Professional Conduct of Chartered Professional Accountants of New Brunswick and the Code of Professional Conduct of the Office of the Auditor General of New Brunswick. Both the Rules of Professional Conduct and the Code are founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality, and professional behaviour.

In accordance with our regular audit process, we obtained the following from management:

- confirmation of management's responsibility for the subject under audit
- acknowledgement of the suitability of the criteria used in the audit
- confirmation that all known information that has been requested, or that could affect the findings or audit conclusion, has been provided
- confirmation that the findings in this report are factually based

### **Period covered by the audit:**

The audit covered the period between January 1, 1977 to February 29, 2024. This is the period to which the audit conclusion applies. However, to gain a more complete understanding of the subject matter of the audit, we also examined certain matters outside of this period as deemed necessary.

### **Date of the report:**

We obtained sufficient and appropriate audit evidence on which to base our conclusion on May 31, 2024, in Fredericton, New Brunswick.

REPORT OF THE

# Auditor General of New Brunswick

Volume II  
Performance Audit

2024

AUDITOR GENERAL  
OF NEW BRUNSWICK



VÉRIFICATEUR GÉNÉRAL  
DU NOUVEAU-BRUNSWICK

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Speaker of the Legislative Assembly  
Province of New Brunswick

Madam,

As required under section 15(1) of the *Auditor General Act*, I am submitting Volume II of my Office's 2024 Report to the Legislative Assembly.

Respectfully submitted,

Paul Martin, FCPA, FCA  
Auditor General

Fredericton, N. B.  
December 2024



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## Chapter 1 - Auditor General's Comments

Our 2024 Volume II report includes four performance audit and information chapters:

- Child Death Investigation, Inquest and Review Process
- Access to Addiction and Mental Health Services
- Hotel Accommodations Policy
- Status Report on Implementation of Performance Audit Recommendations

### **Child Death Investigation, Inquest and Review Process**

The death of a child (a person under 19 years of age) is a profound tragedy. Coroner Services, within the Department of Justice and Public Safety, is responsible for investigating these deaths and overseeing the Child Death Review Committee. Our audit found several areas of non-compliance with legislation, a lack of required public reporting, and improvements required in coroner training.

### **Access to Addiction and Mental Health Services**

The Department of Health is responsible for the planning, funding, and monitoring of timely access to addiction and mental health services. We found wait times for treatment exceed performance measures established by the department, the budget for addiction and mental health services is not updated based on need, and reporting on access wait times was incomplete.

### **Hotel Accommodations Policy**

The Department of Finance and Treasury Board is responsible for policy decisions governing employee travel related to hotel accommodation expenses. Our audit found an estimated \$632,169 annually in forgone savings related to a policy change, lack of a documented business case for the decision to cease participation in the Government of Canada's Accommodations Directory program, and no analysis of potential savings or increased costs.

### **Status Report on Implementation of Performance Audit Recommendations**

Our Office performs follow-up work on prior years' audits to determine the level of implementation of our recommendations. We obtained confirmations from audit entities for audit years 2020, 2021 and 2022, and have noted 57%, 100%, and 71% of our recommendations have been reported as implemented, respectively by year.

### **Recognition**

We would like to recognize departmental staff for their assistance as we completed our work for this report. I also want to thank my audit team for their dedication and professionalism in fulfilling the mandate of the Office of the Auditor General of New Brunswick.



Paul Martin, FCPA, FCA  
Auditor General







December 2024

# Child Death Investigation, Inquest and Review Process

Department of Justice and Public Safety

Volume II – Chapter 2  
2024 AGNB Annual Report



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# 2024 Volume II

## Chapter 2 Highlights

<b>Recommendations not provided to organizations as required</b>	<b>Inadequate public reporting</b>
<b>Child death investigations, inquests and death reviews are not always completed in a timely manner</b>	

### Overall Conclusions

Our audit work concluded that the Department of Justice and Public Safety does not have systems and practices in place to ensure the effective completion of child death investigations, inquests, and reviews.

**Disclaimer:** The following report contains content related to child deaths that may be sensitive or difficult for some readers.

## Results at a Glance

### Child Death Investigation, Inquest and Review Process

**Systems and practices do not support effective completion of child death investigations, inquests and reviews**



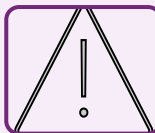
#### Findings



Child death reviews are **not** always timely



**Lack** of required public reporting



Committee recommendations **not** provided to departments and organizations



**34%** of coroners did **not** have all the required e-learning courses completed

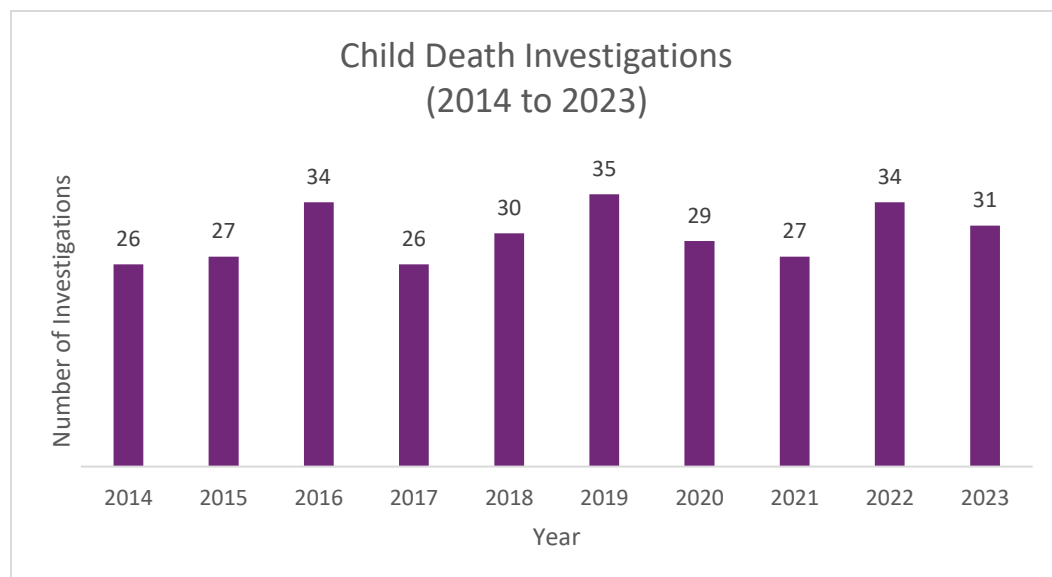


**Lack** of record retention

## About the Audit

### Introduction to the Audit

- 2.1** The *Coroners Act* states a child death is defined as “*the death of a person who is under the age of 19 years*”.
- 2.2** In New Brunswick, 67 children died suddenly or under suspicious circumstances prompting investigations by Coroner Services within the Department of Justice and Public Safety for the period April 1, 2022 to June 30, 2024.
- 2.3** In 2023, there were 31 child death investigations as noted in the graph below.



Source: Prepared by AGNB based on data from the department (unaudited).

### Why we Chose this Topic

- 2.4** The loss of a child is a profound tragedy that strikes at the heart of families and communities in New Brunswick. In the wake of such an event, it is crucial that every aspect of the investigation, inquest (if applicable), and subsequent Child Death Review Committee review is conducted with the utmost diligence and integrity.
- 2.5** Coroner Services is an independent and publicly accountable investigation of death agency and in recent years, the public reporting of the Child Death Review

Committee has been limited. Given its critical role, it is imperative to ensure that its processes and practices are robust, transparent and effective.

## Auditee

- 2.6** Our auditee was the Department of Justice and Public Safety.

## Audit Scope

- 2.7** We examined coroner files, death investigation summaries, Child Death Review Committee materials, and numerous other documents.
- 2.8** The audit covered the period from April 1, 2022, to June 30, 2024. Information outside of this period was also collected and examined as deemed necessary. As part of our work, we interviewed key departmental staff, Child Death Review Committee members and related external parties.
- 2.9** More details on the audit objective, criteria, scope, and approach we used in completing our audit can be found in Appendix II and Appendix III.

## Audit Objective

- 2.10** Our audit objective was to determine if the Department of Justice and Public Safety has systems and practices in place to ensure the effective completion of child death investigations, inquests, and reviews.

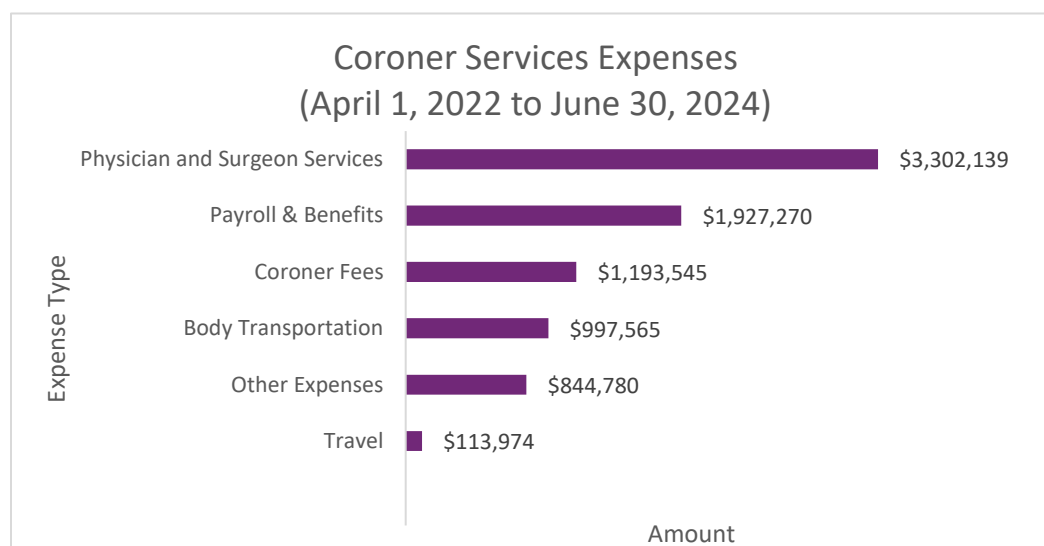
## Conclusion

- 2.11** Our audit work concluded that the Department of Justice and Public Safety does not have systems and practices in place to ensure the effective completion of child death investigations, inquests, and reviews. Overall findings are as follows:
- child death investigations, inquests and death reviews are not always completed in a timely manner
  - improvements are required to ensure that coroners are adequately qualified and trained prior to completing death investigations
  - recommendations made by the Child Death Review Committee intended to mitigate risks of unnatural deaths are not being provided to departments and relevant agencies in a timely manner and their impact is not monitored
  - the department is not adequately reporting on the work of the Child Death Review Committee as per legislative and policy requirements



## Background

- 2.12** Coroner Services is an independent and publicly accountable agency within the Department of Justice and Public Safety (the department) mandated by the *Coroners Act* to review all suspicious or questionable deaths in New Brunswick and conduct inquests as may be required in the public interest. Coroner Services also oversees the Child Death Review Committee (CDRC).
- 2.13** Coroner Services' annual budget increased to \$4 million in 2023-24 from \$3 million in 2022-23. Total spending in our audit period of April 1, 2022 to June 30, 2024 was \$8.4 million. Thirty nine percent of expenses are incurred for autopsy, toxicology, and other physician and surgeon expenses. The next largest expense is for payroll for full-time staff and fee-for-service community coroner fees. Coroner Services expenses for our audit period are detailed in the graph below.

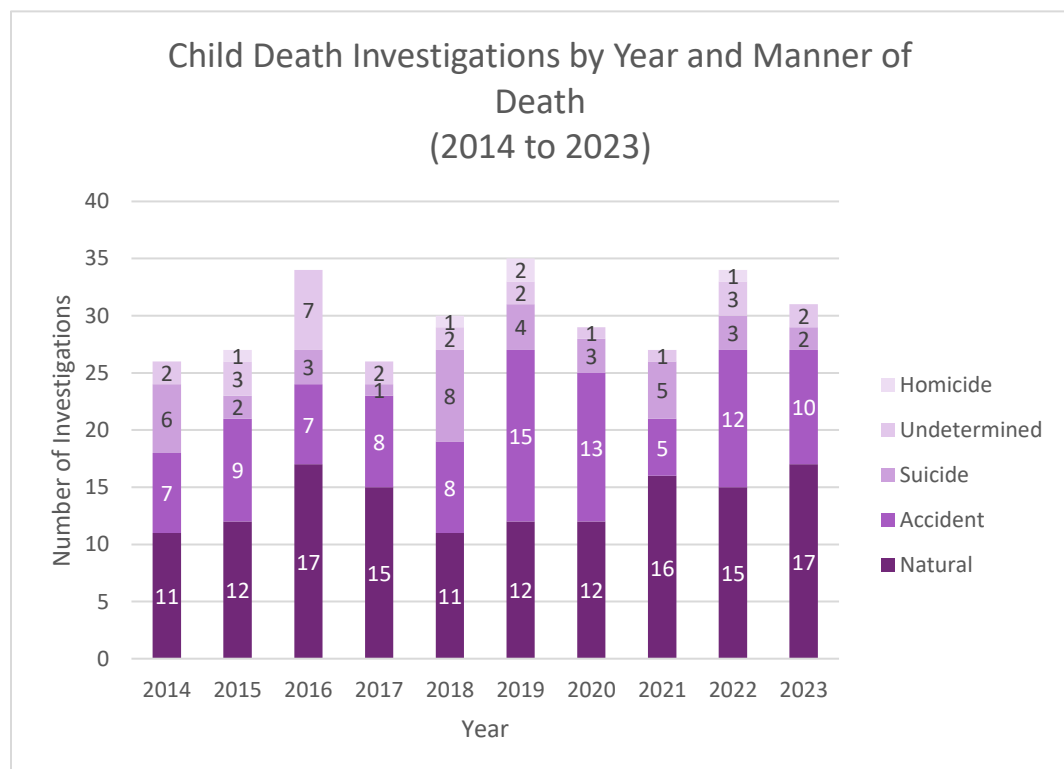


*Source: Prepared by AGNB based on data from GNB's financial system (unaudited).*

- 2.14** Coroner Services is the responsibility of the Chief Coroner who is assisted by two full time Deputy Chief Coroners.
- 2.15** Five full-time Government of New Brunswick employees serve as regional coroners in Fredericton/ Woodstock, Moncton/ Miramichi, Saint John, Bathurst/ Campbellton and Edmundston and report to the Chief Coroner.
- 2.16** As of June 30, 2024, there were also 36 active fee-for-service community coroners providing services primarily on nights and weekends across the province.

## Coroner Death Investigations

- 2.17** The *Coroners Act* states a coroner must be immediately notified when a person dies as a result of violence, an accident, negligence, malpractice, during or following pregnancy in circumstances that might reasonably be attributable to the pregnancy, suddenly and unexpectedly, from disease or sickness for which there was no treatment given by a medical practitioner, or from any cause other than disease, natural causes or medically assisted death.
- 2.18** When a coroner is notified of a death, the coroner shall view the body and make any investigation that is required to determine for each case the identity of the deceased and the facts as to how, when, where and by what means the deceased came to their death.
- 2.19** Coroner Services investigates 21.7% of the approximate 7,500 total deaths per year in the province.
- 2.20** The following chart details the number of child death investigations from 2014 to 2023 by manner of death.



Source: Prepared by AGNB based on data from the department (unaudited).

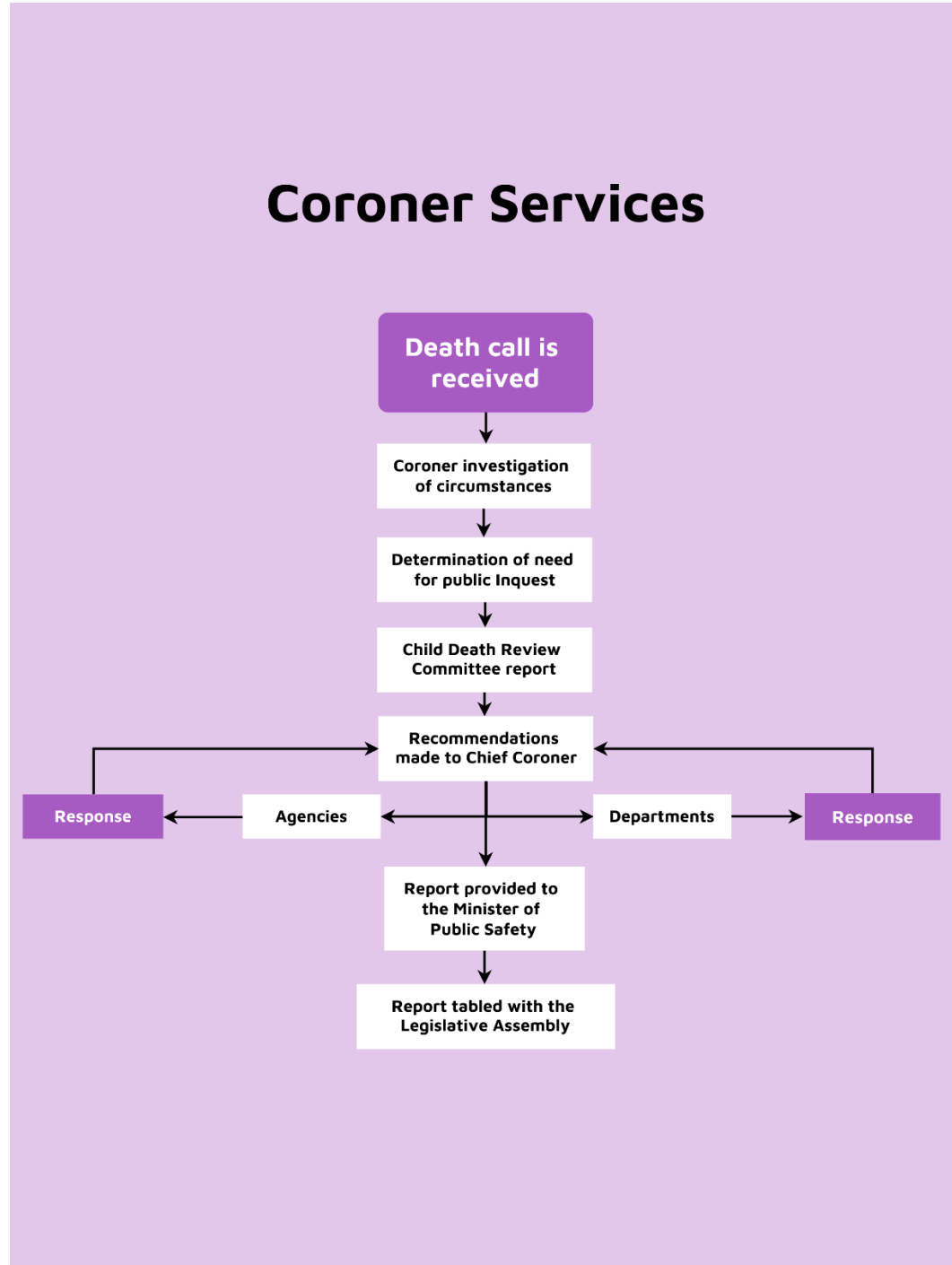
## Inquests

- 2.21** Upon completing the death investigation, a coroner must make a declaration to a commissioner of oaths on their decision whether an inquest is necessary. The reasons for their decision are to be filed with the Chief Coroner in accordance with the *Coroners Act*. Inquests are recommended in less than 1% of investigations.
- 2.22** Holding an inquest draws public attention to the many contributing causes of sudden and unexpected deaths. The intention of an inquest is not to make findings of legal responsibility or to assign blame but should serve three primary functions as a means:
- for a public ascertainment of facts relating to death
  - of formally focusing community attention on and initiating community response to preventative death
  - for satisfying the community that the circumstances surrounding the death of any of its members will not be overlooked, concealed or ignored
- 2.23** It is expected that the inquest jury will make recommendations intended to mitigate risks of death in similar circumstances. The Chief Coroner is responsible for bringing the findings and recommendations arising out of inquests to the attention of appropriate persons, agencies and government departments.

## Child Death Reviews

- 2.24** The *Coroners Act* states the CDRC shall review a child death upon completion of an investigation, inquest, criminal investigation and criminal court proceedings, if applicable.
- 2.25** The CDRC is to conduct comprehensive reviews of all child deaths reported to a coroner in an effort to understand how and why children die with the intent to prevent future deaths and improve the health, safety and well-being of all children in New Brunswick.
- 2.26** The *Coroners Act* states after a review has been conducted, the CDRC must submit a report, along with any applicable recommendations, to the Chief Coroner. Recommendations are to be provided to the relevant government department or outside organization. The report is also to be provided to the Minister of Public Safety and subsequently tabled in the Legislative Assembly.

- 2.27** The following visual shows the process followed once a child death is reported to Coroner Services.



Source: Prepared by AGNB.

## Child Death Review Committee

**2.28** The Child Death Review Committee (CDRC) was enshrined in the *Coroners Act* in 2022 and is comprised of multi-disciplinary external experts who examine the deaths of:

- individuals under 19 that fall under a coroner’s jurisdiction
- individuals under 19 who were either in the care of or had family members in contact with the Department of Social Development within 12 months before their death

**2.29** The *Coroners Act* states the CDRC must consist of at least seven members appointed by the Chief Coroner as following:

- a coroner
- a police officer nominated by the New Brunswick Association of Chiefs of Police
- two persons registered with the College of Physicians and Surgeons of New Brunswick
- a member in good standing of the Law Society of New Brunswick
- a person who represents the interests of a group of aboriginal people
- a member in good standing of the New Brunswick Association of Social Workers

**2.30** The committee is established as per legislation.

### Conflict of Interest Declarations Not Obtained

**2.31** Before the Chief Coroner appoints a qualified person as a member of the CDRC, Regulation 2022-68 under the *Coroners Act (Death Review Committee Regulation)* requires the Chief Coroner to obtain a statement from the person disclosing any actual or potential conflict of interest.

**2.32** The department was not able to provide documents confirming that conflict of interest statements were provided to the Chief Coroner prior to the qualified person becoming a member of the committee.

### Recommendation

**2.33** We recommend the Department of Justice and Public Safety ensure a statement disclosing any actual or potential conflicts of interest is obtained from the qualified person before they are appointed by the Chief Coroner as a member of the Child Death Review Committee.

- 2.34** The *Death Review Committee Regulation* states it is a conflict of interest for a member of the CDRC to:
- accept any fees, gifts, gratuities or other benefit that could reasonably be seen to influence any decision made by the member in the carrying out of their functions
  - to hold an office or position, the duties, responsibilities or interests of which may interfere in any way with the member's duties, responsibilities and interests
- 2.35** One member of the CDRC is employed by the Coroner Services to perform autopsies and post-mortem examinations. These reports assist coroners in determining cause and manner of death and are subsequently also reviewed by the CDRC.
- 2.36** There were two occasions where the committee member who performed the autopsy also attended a CDRC meeting to review the death of the same child. Accepting compensation for autopsy reports could potentially influence the physician's decisions on the committee, and holding dual roles can interfere with their responsibility to evaluate their work objectively.

### Recommendation

- 2.37** We recommend the Department of Justice and Public Safety ensure that mechanisms are in place to assess and disclose potential conflict of interest for each review started by the Child Death Review Committee.

## Vice-Chairperson Not Appointed

- 2.38** The Chair of the CDRC collects and distributes all materials to be reviewed prior to the committee meeting. Committee members do not have access to information without the assistance of the Chair. CDRC meetings are thus cancelled or postponed if the Chair is unable to attend.
- 2.39** The members of the CDRC have not appointed a Vice-Chairperson as required by the *Coroners Act*. In the absence of the Chair, the Vice-Chair shall preside at the meetings of the CDRC. This is further reinforced in the Terms of Reference where it states: "*In order to ensure continuation of the functionality of the Child Death Review Committee, the members of the Committee in agreement with the Chairperson shall select from amongst its members a Vice Chairperson to serve as Chair when the Chairperson is not able to preside at a meeting of the Committee.*"

- 2.40** In 2024, the Chair of the CDRC was unable to attend meetings from August – October and no further action has been taken by the committee on reviews outstanding in their absence.

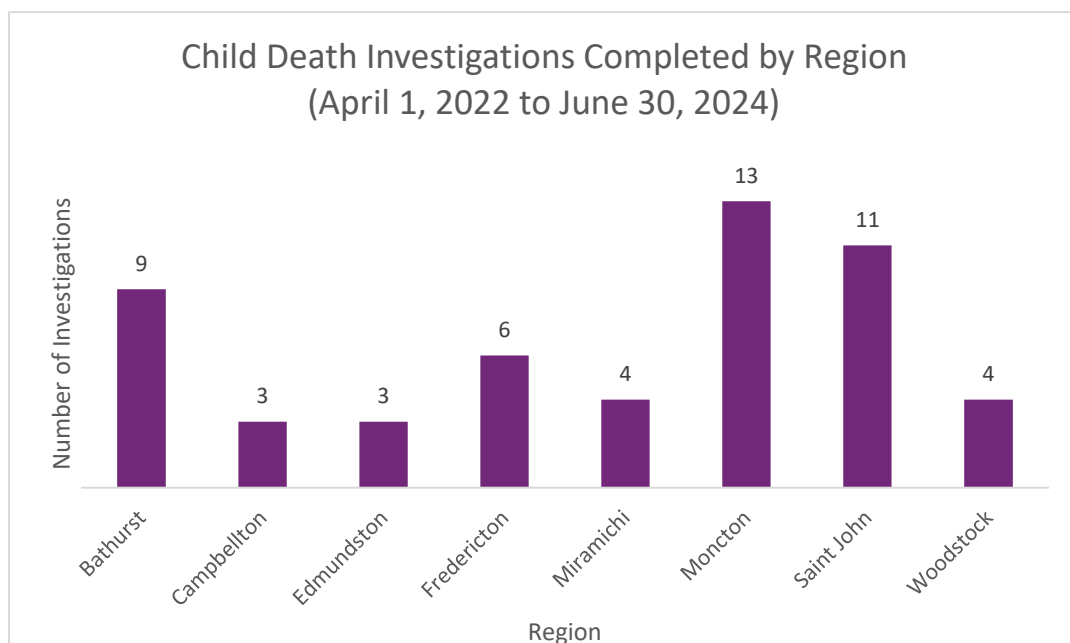
### Recommendation

- 2.41** We recommend the Department of Justice and Public Safety ensure the Child Death Review Committee appoint a member of the committee to be the Vice-Chair so that a vacancy on the Child Death Review Committee does not impair the committee's capacity to act.

## Coroner Investigations

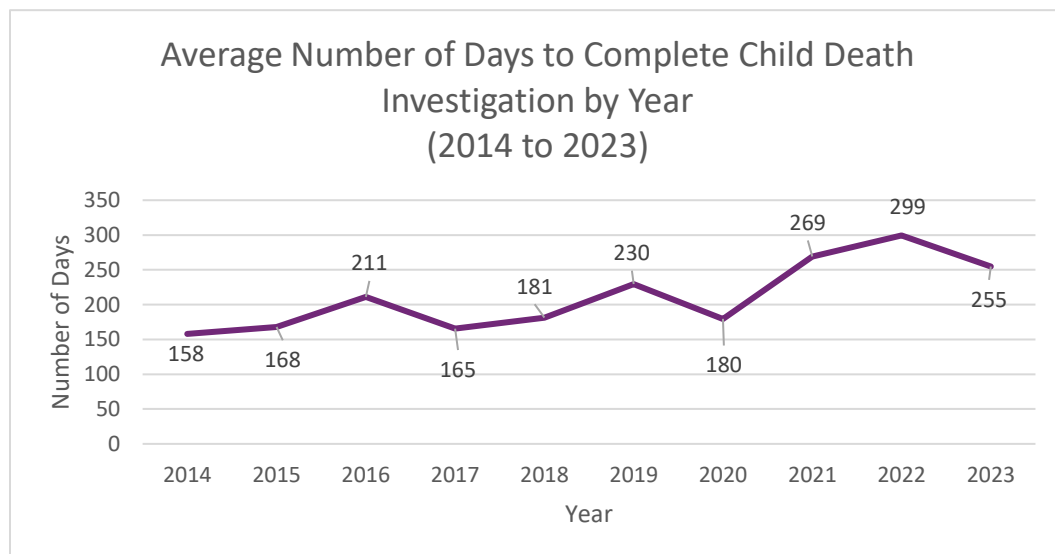
### Death Investigations Not Timely

- 2.42** Of the 67 children who died suddenly or under suspicious circumstances prompting coroner investigations between April 1, 2022 and June 30, 2024, 53 death investigations were completed. The following graph shows numbers of completed investigations by region.



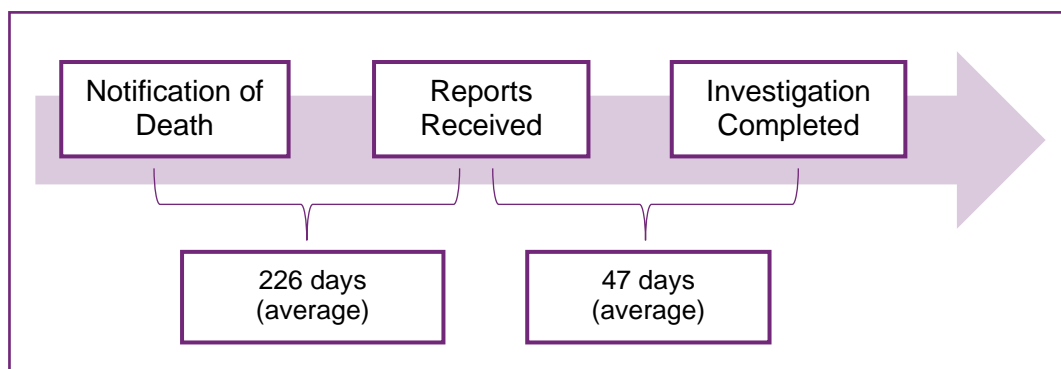
*Source: Prepared by AGNB based on data from the department (unaudited).*

- 2.43** Between April 1, 2022 to June 30, 2024, child death investigations took on average 2.5 times longer than adults (249 days for children compared to 100 days for adults). The average number of days to complete a child death investigation for the past ten years is detailed in the following diagram:



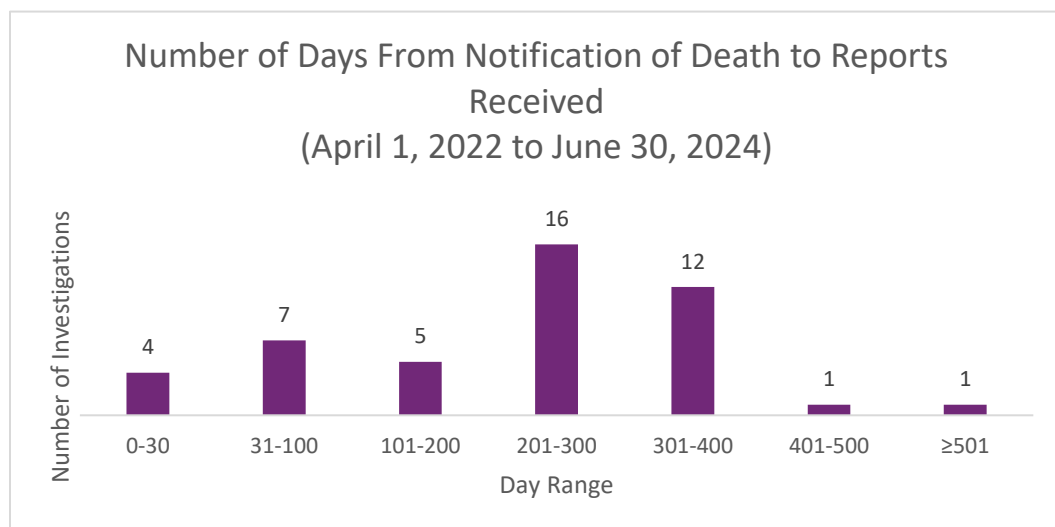
Source: Prepared by AGNB based on data from the department (unaudited).

- 2.44** Upon notification of a death, a coroner is required to view the body, collect evidence and interview witnesses. To close an investigation file, a coroner often needs to receive various reports from external parties including autopsy and police reports to inform their decision on the cause and manner of death. The turnaround time for autopsy reports has been identified as a significant factor in the delay of closing investigation files.
- 2.45** Of the 53 death investigations, 46 required autopsy and/or police investigation reports. As noted in the diagram below, the average time from date of notification of death to all reports received was 226 days.



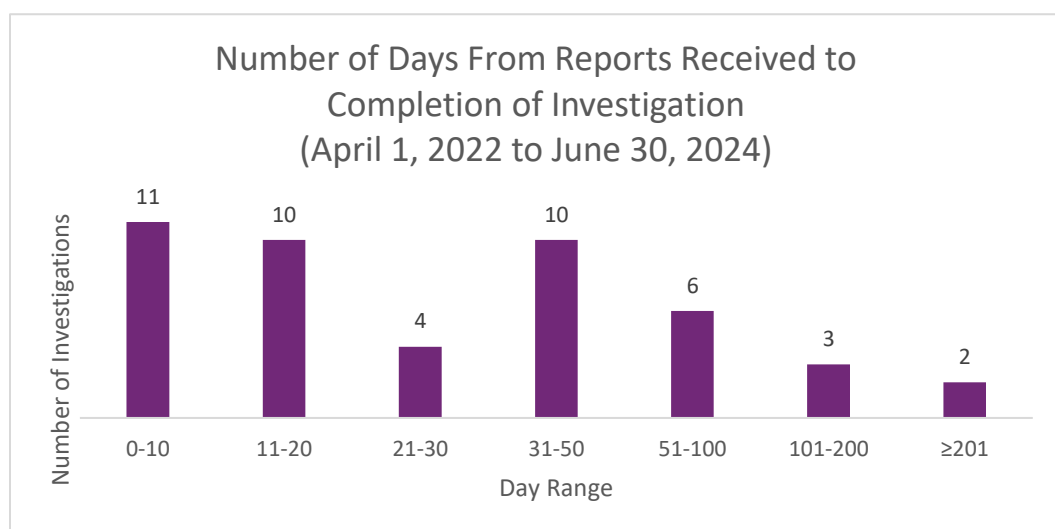


- 2.46** As noted in the following graph, 76% of investigations took more than 100 days to receive all reports.



Source: Prepared by AGNB based on data from the department (unaudited).

- 2.47** Once reports are received, the coroner is required to close the investigation file. A new service level agreement for community coroners was implemented in January 2024 (revised June 2024) which requires coroners to close their file within 30 days after receiving all relevant reports.
- 2.48** The following graph details the length of time it took to close an investigation file after all reports had been received. While 54% of investigations took under 30 days to close, 21 investigations took longer than 30 days including two which exceeded 200 days.



Source: Prepared by AGNB based on data from the department (unaudited).

## Recommendation

**2.49 We recommend the Department of Justice and Public Safety monitor outstanding death investigation case files and ensure timely completion in accordance with service level agreements.**

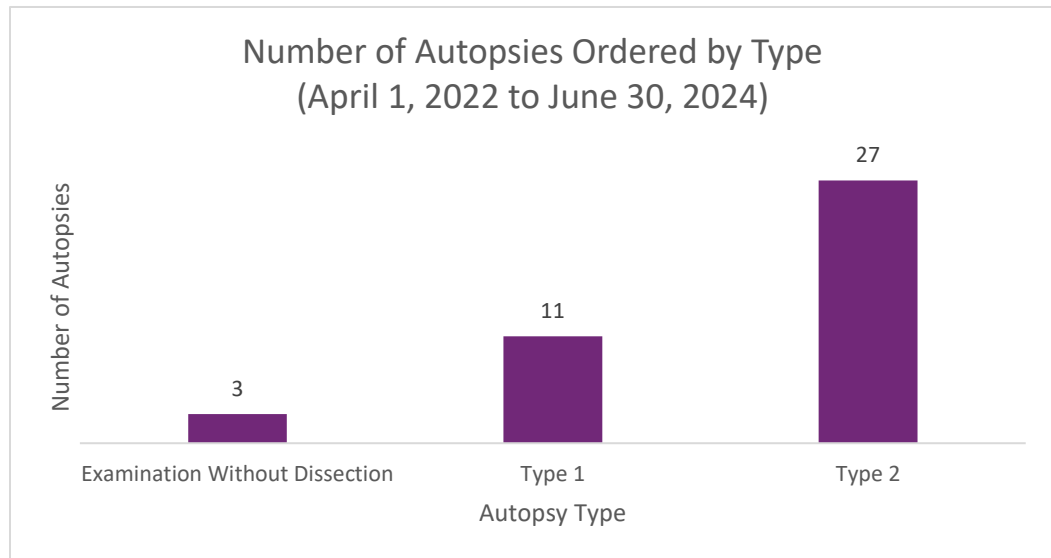
## Concerns with Pathology Services

**2.50** Autopsies are an important part of the death investigation process as they help to determine the probable cause of death. The coroner ordered autopsies in 77% of the child death investigation cases.

**2.51** As per the coroner training manual, there are three types of autopsies that can be ordered by a coroner:

- an examination without dissection is a thorough external examination of the body performed by a pathologist
- a type 1 autopsy involves a dissection of the body to aid in the determination of cause of death and is performed by a pathologist
- a type 2 autopsy involves a dissection of the body to aid in the determination of cause of death and is performed by a forensic pathologist

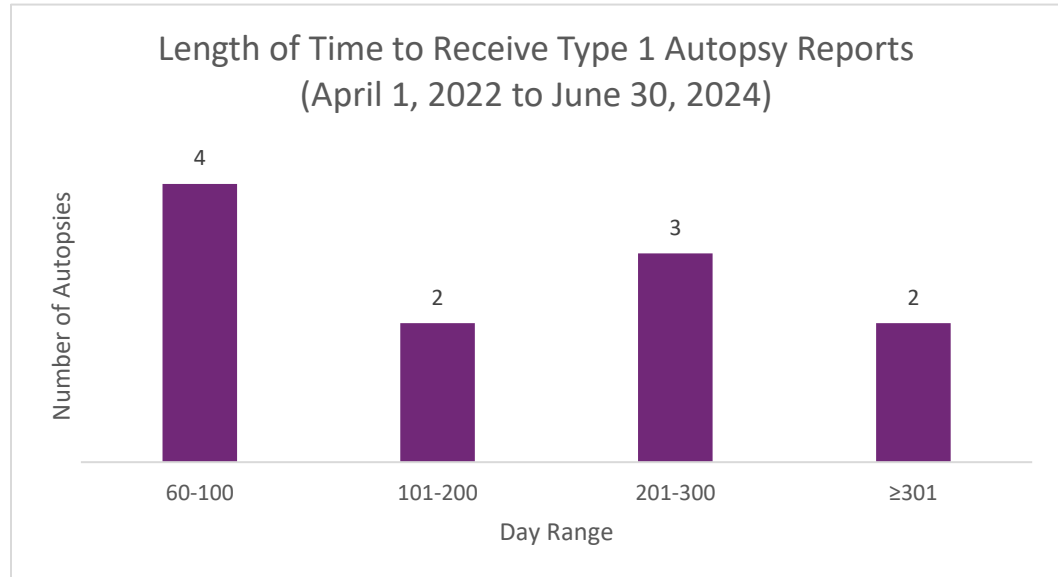
**2.52** The graph below shows number of autopsies ordered by type of autopsy.



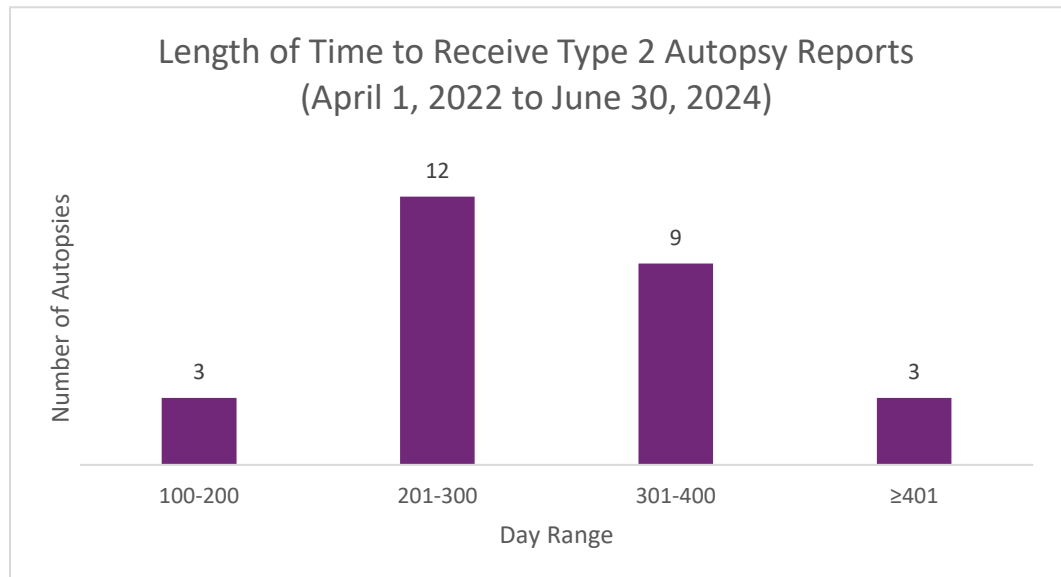
*Source: Prepared by AGNB based on data from the department (unaudited).*

**2.53** A pathologist performs an autopsy within a few days post-mortem. The work is dictated and transcribed into a formal report for Coroner Services. During our audit period, the average length of time to receive the completed report for a type 1 autopsy was 175 days and 304 days for a type 2 autopsy.

- 2.54** The following charts represent the length of time to receive written reports for completed type 1 and 2 autopsies, respectively.



*Source: Prepared by AGNB based on data from the department (unaudited).*



*Source: Prepared by AGNB based on data from the department (unaudited).*

- 2.55** Coroner Services informed us they began to use services outside the province to complete type 2 autopsies where they can obtain a service standard of 90 days.
- 2.56** Of the 27 type 2 autopsies performed, 44% (12) were completed by a general pathologist not certified in forensic pathology as required by the training manual.

- 2.57** In one child death investigation file reviewed, the brain had not been sent away for the neuropathology exam ordered by the coroner. The error was discovered a year into the investigation and resulted in the report being received after 418 days.

### Recommendations

- 2.58** We recommend the Department of Justice and Public Safety develop service level standards for pathology services with roles and responsibilities and expected turnaround times for completed reports.
- 2.59** We recommend the Department of Justice and Public Safety ensure forensic type 2 autopsies are performed by certified forensic pathologists as per the training manual. If this is no longer deemed practical and/or necessary, the training manual should be updated accordingly.

## Inconsistencies Found in Application of Policies and Training Manual

- 2.60** We noted the department's Pediatric Autopsies Policy does not align with the training manual related to autopsies. As per policy:
- children five years and younger shall have a type 2 autopsy
  - children six years and older shall have a type 1 autopsy unless a type 2 is deemed necessary
- 2.61** However, the training manual advises a type 2 autopsy for all child deaths under the age of two.
- 2.62** We noted:
- 73% (19 of 26) of children aged 5 years and younger had a type 2 autopsy performed
  - 70% (19 of 27) of children aged 6 to 18 years had a type 1 or type 2 autopsy performed
- 2.63** Additionally, 28% (15 of 53) of child death investigations did not have a type 1 or type 2 autopsy as required by policy.

### Recommendation

- 2.64** We recommend the Department of Justice and Public Safety ensure that coroner death investigation policies and training materials are reviewed and updated to ensure clarity and consistent application.

## Inquests

- 2.65** An inquest can be recommended by the coroner assigned to the investigation or by the CDRC.
- 2.66** Between April 1, 2022 and June 30, 2024, three child deaths were recommended by the coroner or CDRC to undergo an inquest. Of these three inquests, one had been completed as of the time of our audit.
- inquest #1 – CDRC recommended on June 13, 2022 and completed on November 6, 2023 – November 8, 2023
  - inquest #2 – CDRC recommended on February 19, 2023 and completed outside the audit period on November 4, 2024 – November 6, 2024
  - inquest #3 – Coroner declared inquest necessary on June 22, 2022, CDRC recommended July 19, 2022, no inquest held to date

### Clearly Defined Procedures

- 2.67** There is a detailed Office of the Chief Coroner Inquest Manual, last updated in 2021. The manual includes procedures on how to hold an inquest, required forms and a checklist outlining what documentation is required to be included in a completed inquest file to ensure proper records management and demonstrate compliance with legislation.

### Inquest Files Missing Required Documents

- 2.68** Appendix 1 of the Inquest Manual requires the inquest file to include the material listed on the Inquest File Checklist including documents supporting legislated processes. This file is to be forwarded upon completion to the Chief Coroner.
- 2.69** For the one child death inquest held during the audit period, we found a box containing various documents. However, upon review, we noted the following information required by legislation was missing:
- Notification of Inquest which includes a copy of the Coroner's Declaration with grounds as to whether an inquest into a death is necessary
  - Coroner's Certificate stating the coroner examined and found each person named in the certificate to be qualified to serve as a juror
  - Form of Inquisition that certifies the jury's verdict
  - recommendations made by the jury

## Recommendation

**2.70 We recommend the Department of Justice and Public Safety ensure that inquest files contain all required documentation.**

### Lack of Documentation to Support Rationale for Decisions Made

**2.71** For inquest #3, the coroner made a declaration to hold an inquest. The inquest was not held and the child's death was sent for CDRC review. The Chief Coroner's decision not to hold this inquest prior to CDRC review was not documented.

**2.72** The CDRC subsequently recommended this death for an inquest. The Office of the Chief Coroner Annual Report 2022 stated "*due to an ongoing police investigation, an inquest will not be held at this time*". At the time of our audit, a date was not set to hold the inquest and we have been informed by the Chief Coroner an inquest will not be held by Coroner Services. There was no documentation for the rationale of this decision.

## Recommendation

**2.73 We recommend the Department of Justice and Public Safety ensure the rationale to hold or not hold an inquest is documented.**

### Timeliness of Inquests can be Improved

**2.74** There are no established timelines for the preparation and conduction of an inquest. However, the Inquest Manual states that it is "*desirable that once the decision has been made to hold an inquest, it be held as soon as possible*".

**2.75** The one child inquest held during the audit period occurred over three-days and was completed 513 days after the recommendation was made. This is a total of 990 days from the date of death to the inquest being held.

**2.76** One child death inquest completed in November 2024 subsequent to our audit period took 935 days from the date of death.

**2.77** While there are various factors that may impact timeliness of holding an inquest, documented expected timelines would assist the department in ensuring timely information.

## Recommendation

- 2.78 We recommend the Department of Justice and Public Safety establish timelines for when an inquest has been ordered to when the inquest is held.**

## Child Death Review

### Non-Compliance with Legislation

- 2.79** The *Coroners Act* requires that each month, the Chief Coroner shall report to the CDRC all child deaths of which a coroner has been notified and approve the CDRC to conduct a review.
- 2.80** The Terms of Reference state, “*upon being notified of a child’s death, the Chief Coroner shall request, in writing, the Chair of the CDRC to convene a review*”.
- 2.81** We were informed that these responsibilities have been delegated to the Chair of the CDRC, the committee’s coroner representative. However, the *Coroners Act* does not provide the Chief Coroner authority to delegate these responsibilities.

## Recommendations

- 2.82 We recommend the Department of Justice and Public Safety ensure that the Chief Coroner reports monthly all child deaths to the Child Death Review Committee as required by the *Coroners Act*.**
- 2.83 We recommend the Department of Justice and Public Safety ensure that the Chief Coroner provides written approval to the Child Death Review Committee to conduct a review as required by the *Coroners Act*.**
- 2.84** The *Coroners Act* states that after a child death review has been conducted, the CDRC shall submit a report to the Chief Coroner. However, we determined that the committee only prepares reports if:
- there are recommendations to be made, or
  - the child was either in the care of or had family members in contact with the Department of Social Development within 12 months before their death

- 2.85** For child deaths reviewed by the CDRC where no report has been written, there are meeting minutes confirming a review took place but there is no documented rationale or explanation why recommendations were not required.
- 2.86** During our audit period, the CDRC completed 39 child deaths reviews, however, only produced 26 reports.

### Recommendation

- 2.87** We recommend the Department of Justice and Public Safety ensure the Child Death Review Committee prepares a report for each child death reviewed as required by legislation.

## Lack of Procedures for Child Death Reviews

- 2.88** The *Coroners Act* requires the Chief Coroner to establish a CDRC for the following purposes:
- a) review the facts and circumstances of child deaths in the province
  - b) identify and monitor trends and risk factors in child deaths
  - c) advise the Chief Coroner on medical, legal, social and other matters to improve the safety of children and prevent the occurrence of child deaths
  - d) determine whether further evaluation of a child death is necessary or desirable in the public interest
- 2.89** The CDRC has an established committee Terms of Reference document, however, it does not outline committee member roles and responsibilities.
- 2.90** We could also find no evidence of documentation to assist committee members in ensuring consistent application of expected review procedures.

### Recommendations

- 2.91** We recommend the Department of Justice and Public Safety ensure that Child Death Review Committee member roles and responsibilities are documented.
- 2.92** We recommend the Department of Justice and Public Safety develop detailed child death review procedures.



## Child Death Reviews Not Always Timely

- 2.93** The *Coroners Act* requires the CDRC to review the facts and circumstances of a child death upon completion of:
- a coroner's death investigation
  - an inquest, if required
  - a criminal investigation and criminal court proceedings, if required
- 2.94** The *Coroners Act* requires the CDRC submit a report to the Chief Coroner within 120 days of commencing their review unless an extension has been granted.
- 2.95** Of the 20 CDRC reports we tested, 16 met the legislated requirements. Of the four reports that did not:
- three reports took between 200-300 days
  - one report took more than 450 days
- 2.96** The committee Terms of Reference has reduced the time to submit the same written report to the Chief Coroner to 45 days from notification. Based on the 45 days, our audit testing for 20 written reports determined:
- only one met the 45-day target
  - five reports took between 45 to 99 days
  - 12 reports took between 100 to 500 days
  - two reports took more than 500 days

## Meetings Not Held Regularly

- 2.97** The *Coroners Act* requires the CDRC to meet as often as is necessary for the proper exercise of its duties and functions.
- 2.98** We obtained meeting minutes for 13 meetings held by the committee during our audit period.
- 2.99** With no appointment of a Vice-Chairperson, CDRC meetings are cancelled if the Chair is unable to attend.
- 2.100** We noted there were 32 child deaths (2022 to 2023) recorded in the child death information system that we could find no evidence of a CRDC review.

### Recommendation

- 2.101** We recommend the Department of Justice and Public Safety ensure that the Child Death Review Committee meets as often as necessary to meet Terms of Reference and Legislative requirements.

## Coroner Qualification and Training

### Coroner Personnel Files Missing Key Information

**2.102** There are two types of death investigation systems in Canada: the coroner's system and the medical examiner's system. In New Brunswick, death investigations are completed by coroners. While both systems provide for the investigation of sudden and unexpected deaths, the medical examiner system is science-based and performed by physicians.

**2.103** There are no legislated requirements to be qualified as a coroner in New Brunswick. However, job descriptions as of 2023 specify a coroner must have:

- a background in investigative, legal, medical or emergency services
- a clean criminal record check
- a post-secondary education in a related field
- minimum of five years experience

**2.104** Of the 59 personnel files provided for coroners who worked during the audit period, we noted missing documentation including:

- 24% (14) did not contain a criminal record check
- 19% (11) did not contain a resume that indicated qualifications had been met

**2.105** We also noted one instance of a coroner with no personnel file whatsoever.

### Recommendations

**2.106** We recommend the Department of Justice and Public Safety ensure criminal record checks are obtained for all coroners and retained in personnel files.

**2.107** We recommend the Department of Justice and Public Safety ensure adequate documentation of coroner qualifications are obtained and retained in all personnel files.

## Improvements Required in Coroners Training

### No Documented Training Requirements

**2.108** There are no legislated or policy requirements for coroner training. However, we were informed that all coroners are required to complete the following courses through GNB e-learning:

- Orientation and Introduction to Coroner Work
- Initial Investigation Critical Decision Points
- Cause and Manner of Death
- Registration of Death
- Naloxone-Narcan Policy Review
- Respiratory Protection – Fundamental Awareness

### Recommendation

**2.109** We recommend the Department of Justice and Public Safety document the mandatory training requirements in policy for all coroners.

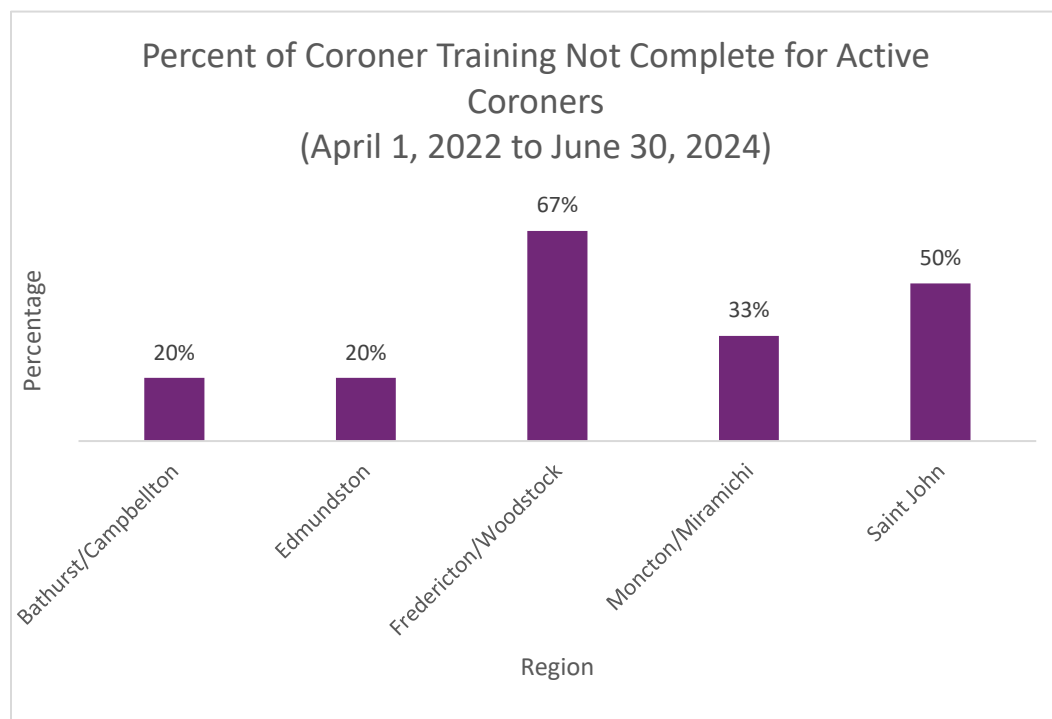
### Coroner Training Not Completed

**2.110** The department does not monitor the completion of the required coroner e-learning courses.

**2.111** As part of our audit, we reviewed e-learning course completion status reports for 41 coroners and determined:

- 34% (14) did not have all the e-learning courses completed
- three community coroners hired during our audit period had been assigned a death investigation case but had not completed the training requirements

**2.112** As per the following graph, the regions with the highest rate of required coroner e-learning training not complete were Fredericton/Woodstock and Saint John.



Source: Prepared by AGNB based on data from the department (unaudited).

### Recommendation

**2.113** We recommend the Department of Justice and Public Safety ensure coroners complete all required training before undertaking their first death investigation.

### Lack of Required Competencies Identified

**2.114** Coroners receive on the job training by means of job-shadowing. There has been no defined duration or required documented competencies before a coroner is ready to conduct death investigations independently.

### Recommendation

**2.115** We recommend the Department of Justice and Public Safety establish clear job-shadowing requirements, specifying the duration and skills required to ensure a structured and effective learning of necessary competencies.

## New Training Requirements Established

**2.116** As of May 2024, coroners were required by the department to take the following additional courses through the Death Investigation Training Academy:

- Professional Conduct - Skill and Attributes
- Preparedness Mindset for Investigators
- Scene Arrival, Assessment, and Documentation
- Collecting and Documenting Evidence from the Body
- Practical Report Writing
- Implications in Cause, Manner, and Time of Death Rulings
- 12 Critical Mistakes Made at a Death Scene

**2.117** Regional coroners are also required to complete additional courses by November 12, 2024 to gain an American Board of Medicolegal Death Investigators certification. The department informed us the certification will be required training for all regional coroners going forward.

## Performance Appraisals Established

**2.118** The department was able to provide us with documentation detailing adequate performance appraisals for all five regional coroners.

**2.119** Prior to the completion of our audit, there were no formal mechanisms in place to monitor the performance of community coroners. However, the department has informed us they are in the process of implementing a new performance management process that includes the status of file closure standards.

## Opportunity for Improvement in Peer Review Process

**2.120** The department has established a peer review process whereby each coroner's death investigation is reviewed by another coroner prior to completion. All of the 3,844 files reviewed showed evidence of some level of peer review. However, the system reported 24 instances where the assigned coroner was also the reviewer.

**2.121** There is also no documented guidance pertaining to consistent application of the peer review process despite the fact the department has noted the quality and completeness of death investigations as a risk.

### Recommendation

**2.122** We recommend the Department of Justice and Public Safety develop guidance for the peer review process to ensure consistent application and independence.

## Trends and Risks are Identified and Monitored

- 2.123** The *Coroners Act* states it is the purpose of the CDRC to identify and monitor trends and risk factors in child deaths. The CDRC Terms of Reference states the CDRC is to, from time to time, review deaths collectively in an effort to identify trends or gaps in services and programs and to advise the Chief Coroner.
- 2.124** The CDRC has identified trends through their reviews which has resulted in recommendations and reports on child unsafe sleeping conditions.
- 2.125** A collective analysis using data from the Coroner Death Investigation System was also completed during the audit period to summarize the deaths of youth under the age of 18 for the period of 2013 to 2023.
- 2.126** A further risk factor of suicides in youth aged 10-14 years being deemed accidental deaths was investigated in a comprehensive report.

## Reports and Recommendations Not Provided to Departments and Agencies

- 2.127** The CDRC was established by the *Coroners Act* for purposes including advising the Chief Coroner on matters to improve the safety and prevent the occurrence of child death as well as determining whether further evaluation of a child death is necessary or desirable in the public interest.
- 2.128** From April 1, 2022 to June 30, 2024, the CDRC had completed 39 child death reviews and made 20 recommendations in eight reports.
- 2.129** The *Coroners Act* requires the Chief Coroner to provide a copy of the CDRC report, together with the Chief Coroner's comments, if any, in response to the recommendations to any relevant government departments, agencies and the Child, Youth and Senior Advocate.
- 2.130** Timely provision of recommendations to relevant organizations is critical in mitigating the risks of similar unnatural deaths. Through the committee Terms of Reference, the department has further committed to providing recommendations to relevant government departments and agencies within ten days of receiving the CDRC's report.

**2.131** Of the 20 recommendations made during our audit period:

- eight were made to the Office of the Chief Coroner
- one was made to the Department of Justice and Public Safety
- 11 were made to external departments and agencies

**2.132** We were informed formal correspondence is not provided to the department when recommendations are made by the CDRC to the Department of Justice and Public Safety or the Office of the Chief Coroner.

**2.133** Three child death reviews resulted in 11 recommendations to various external departments and agencies. However, the department was unable to provide documentation demonstrating they had been provided to the relevant organizations. The following table, summarizes the 11 recommendations and average number of days outstanding as of June 30, 2024.

Department or Agency	Number of Recommendations	Average Number Days Outstanding
Minister of Education and Early Childhood Development	3	712
NB Association of Chiefs of Police, NB RCMP	1	13
NB College of Pharmacists	2	13
NB College of Physicians and Surgeons, Nurses Association of NB	1	13
Public Health	1	444
Social Development	3	444
<b>Grand Total and Average</b>	<b>11</b>	<b>360</b>

**2.134** As part of our audit, we confirmed that the Department of Education and Early Childhood Development, Department of Health (Public Health), and Social Development had not received the reports and recommendations.

**2.135** It is crucial for committee recommendations to be provided to the relevant departments to ensure timely and effective changes are implemented. These recommendations often highlight critical areas needing improvement and provide actionable steps to enhance safety, well-being, and overall outcomes. The following describes the recommendations made in the three CDRC reports that had not been provided to the departments.

**2.136** Child #1 – The Child Death Review Committee report dated July 19, 2022 resulted in three of five recommendations made to external departments and agencies. The Child Death Review Committee recommends:

- *“the Minister of Education and Early Childhood Development ensure that all staff working in schools who have contact with the children undergo the Assist Training. It is recommended that this training be mandatory.*
- *the Minister of Education and Early Childhood Development ensure that all employees in schools be provided with suicide prevention training along with a list of resources they can reach out to if they encounter a child who has suicidal ideations.*
- *the Minister of Education and Early Childhood Development that the school curriculum include education on mental health and the resources available. Education should also have a component on how men, process their mental struggles differently due to cultural difference and gender roles.”*

**2.137** Child #2 - The Child Death Review Committee report dated April 13, 2023 resulted in four of six recommendations made to external departments and agencies. The Child Death Review Committee recommends:

- *“Social Development meets with Directors from New Brunswick’s Indigenous Nations to create a Structured Decision-Making Model assessment that would be inclusive of the Indigenous population and would consider barriers, needs, intergenerational trauma, strengths, and protective factors specific to the population.*
- *Social Development in cases where a child who is receiving services dies while in the care of their parents, and in cases where parents would have other children in their care, that in addition to consulting the police to inquire if at first glances there is a criminal aspect, would then verify with the coroner following the autopsy that there is no concerns brought to light that could affect the surviving children.*
- *Social Development provides an information session to the Office of the Chief Coroner, more specifically to all Regional Supervising Coroners, on their services and how to contact them if there is a need to make a referral.*
- *Public Health re-evaluate their book series “Loving Care” that is being provided to new parents. Particularly page 70 of their book where they talk about “Safe Places to Sleep”. Bed-Sharing should not be included in the book as a safe practice. When bed sharing is mentioned, it should include a disclaimer that bed sharing increases the risk of sudden infant death syndrome. Public Health should consult the statement released by the*



*Government of Canada. The release is called “Message from the Minister of Health on Canada’s Second Annual Safe Sleep Week 2023”, released March 13th, 2023. Public Health should re-evaluate their approach to safe sleep based on the information provided in this news release. Safe sleep should be discussed with expecting mother and actively part of the case plan for any mother accessing their services post-birth.”*

**2.138** Child #3 – The Child Death Review Committee report dated June 17, 2024 resulted in four recommendations made to external departments and agencies. The Child Death Review Committee recommends:

- *“the New Brunswick College of Pharmacist change their “Practice Directive: Opioid Agonist Treatment (OAT)”. Take home doses should be provided in the form of suboxone to make it less attractive to young children and vulnerable people.*
- *the New Brunswick College of Pharmacist include in their “Practice Directive: OAT” that a knowledge sheet should be provided to the patient with information on the risk this medication poses to children and vulnerable people when the patient being treated with an opioid agonist treatment is approved for take home doses.*
- *the College of Physician and the Nurses Association of New Brunswick direct pediatrician and primary care provider to talk about the dangers of prescription medication to infants with their care takers; especially when the infant starts getting mobile.*
- *the New Brunswick Association of Chiefs of Police and the New Brunswick Royal Canadian Mounted Police provide a refresher to their members, in the manner deemed appropriate by their organization, that child deaths should be treated as suspicious. Especially in cases where the cause of death is not evident E.g.: trauma from a car crash as opposed to a death in a residential setting.”*

**2.139** The department does not track the recommendations made by the CDRC to ensure they are provided to departments and agencies and responses are received.

## Recommendations

- 2.140** We recommend the Department of Justice and Public Safety provide recommendations made by the Child Death Review Committee to relevant departments and agencies in writing and in accordance with the timelines set in the Terms of Reference.
- 2.141** We recommend the Department of Justice and Public Safety track recommendations made by the Child Death Review Committee to ensure completeness of reporting.
- 2.142** We recommend the Department of Justice and Public Safety monitor responses to the recommendations and request updates as required to ensure accountability.

## Public Reporting

### Public Reporting Incomplete and Not Timely

- 2.143** The *Coroners Act* does not require public reporting specifically pertaining to the work of the CDRC. However, the committee Terms of Reference requires recommendations to be made public within 30 days of the Chief Coroner receiving the CDRC report.
- 2.144** However, the department informed us that tabling of the Office of the Chief Coroner Annual Report (annual report) in the Legislature is how they publicize the recommendations made by the CDRC.
- 2.145** Of the 20 recommendations made during our audit period, only two were made public through the 2022 annual report, 521 days from the date the committee made the two recommendations. We also noted an error in the annual report where a child death review was reported as having no recommendations when the CDRC had provided a recommendation to the Office of the Chief Coroner.

**2.146** The 2023 annual report has yet to be released. As of June 30, 2024, recommendations made by the CDRC are on average 435 days outstanding without having been publicly reported as summarized in the following table:

Department or Agency	Number of Recommendations Pending Release	Average Number Days Outstanding
Justice and Public Safety	1	444
Minister of Education and Early Childhood Development	3	712
NB Association of Chiefs of Police, NB RCMP	1	13
NB College of Pharmacists	2	13
NB College of Physicians and Surgeons, Nurses Association of NB	1	13
Office of the Chief Coroner	6	572
Public Health	1	444
Social Development	3	444
<b>Grand Total and Average</b>	<b>18</b>	<b>435</b>

### Recommendation

**2.147** We recommend the Department of Justice and Public Safety improve transparency of the work of the Child Death Review Committee, and as a minimum, publicly report recommendations made by the Child Death Review Committee within 30 days as stated in the Terms of Reference.

## Reporting to the Minister and Legislative Assembly Not in Accordance with *Coroners Act*

**2.148** The *Coroners Act* requires CDRC recommendations be provided to the Minister of Public Safety within six months of the Chief Coroner receiving a report which is then to be laid before the Legislative Assembly as soon as possible.

**2.149** Only two of 20 recommendations made during our audit period had been provided to the Minister and subsequently tabled at the Legislature.

**2.150** The two recommendations included in the 2022 annual report were tabled 521 days following the date the committee made the two recommendations.

## Recommendation

**2.151 We recommend the Department of Justice and Public Safety ensure that recommendations made in Child Death Review Committee reports are provided to the Minister of Public Safety within six months of the Chief Coroner receiving a report and tabled in the Legislature as soon as possible.**

## Inadequate Record Retention

**2.152** GNB employees are responsible to manage information they create or receive in accordance with GNB Information Management Policy AD-7114 and are expected to keep and file records that:

- support business operations
- demonstrate that a business transaction took place
- are required by legislation
- protect the rights of citizens and the government
- provide evidence of compliance with accountability or other business requirements
- have business, financial, legal, historical, or research value to the government or citizens of the Province

**2.153** Records provide evidence of a business activity, decision, or transaction related to the functions and activities of the Government of New Brunswick and should be managed in a records management system that ensures they are readily available to those who need them.

**2.154** The *Archives Act* states a “record” means “correspondence, memoranda, forms and other papers and books; maps, plans and charts; photographs, prints and drawings; motion picture films, microfilms and video tapes; sound recordings, magnetic tapes, computer cards and other machine-readable records; and all other documentary materials regardless of physical form or characteristics” that are or have been “prepared or received by any department pursuant to an Act of the Legislature or in connection with the transaction of public business, preserved or appropriated for preservation by a department, containing information on the organization, functions, procedures, policies or activities of a department, or other information of past, present, or potential value to the Province...”

**2.155** There were instances the department was unable to provide us with requested documents. Examples included:

- dates when reports from CDRC were submitted to the Chief Coroner
- correspondence on recommendations to departments and agencies
- inquest forms
- coroner and committee personnel files

## **Recommendation**

**2.156 We recommend the Department of Justice and Public Safety ensure that Coroner Services is managing records in accordance with government policy and legislation.**

## Appendix I: Recommendations and Responses

Par. #	Recommendation	Department's Response	Target Implementation Date
<b>We recommend the Department of Justice and Public Safety:</b>			
<b>2.33</b>	ensure a statement disclosing any actual or potential conflicts of interest is obtained from the qualified person before they are appointed by the Chief Coroner as a member of the Child Death Review Committee.	<p>Agree</p> <p>JPS will ensure that all existing members of the Child Death Review Committee have a signed conflict of interest disclosure statement on file by December 2024. Likewise, all potential new appointees to the CDRC will be required to provide a statement disclosing actual or potential conflicts of interest prior to their appointment.</p>	December 2024
<b>2.37</b>	ensure that mechanisms are in place to assess and disclose potential conflict of interest for each review started by the Child Death Review Committee.	<p>Agree</p> <p>JPS will ensure mechanisms are in place to assess and disclose potential conflicts of interest for each review started by the CDRC.</p>	December 2024

Par. #	Recommendation	Department's Response	Target Implementation Date
<b>We recommend the Department of Justice and Public Safety:</b>			
<b>2.41</b>	ensure the Child Death Review Committee appoint a member of the committee to be the Vice-Chair so that a vacancy on the Child Death Review Committee does not impair the committee's capacity to act.	<p>Agree</p> <p>JPS will appoint a Vice-Chair by the end of the 2024 calendar year. Additionally, roles and responsibilities of Committee members will be clarified in accordance with recommendation 2.91.</p>	December 2024
<b>2.49</b>	monitor outstanding death investigation case files and ensure timely completion in accordance with service level agreements.	<p>Agree</p> <p>The Department of Justice and Public Safety has a Service Level Agreement in place specifying a 30-day standard for completion of death investigations. This standard is used as a Key Performance Indicator for the Department.</p>	Complete
<b>2.58</b>	develop service level standards for pathology services with roles and responsibilities and expected turnaround times for completed reports.	<p>Agree</p> <p>JPS has already begun work in this area. The Coroner Services Branch work plan for 2024-25 includes the development of service level standards for pathology services. Work is expected to be complete by Q4 of 2024-25.</p>	March 31, 2025

Par. #	Recommendation	Department's Response	Target Implementation Date
<b>We recommend the Department of Justice and Public Safety:</b>			
<b>2.59</b>	ensure forensic type 2 autopsies are performed by certified forensic pathologists as per the training manual. If this is no longer deemed practical and/or necessary, the training manual should be updated accordingly.	<p>Agree</p> <p>The Department adjusted its process in October 2024 to ensure that all type 2 autopsies will be conducted by certified forensic pathologists.</p>	Complete
<b>2.64</b>	ensure that coroner death investigation policies and training materials are reviewed and updated to ensure clarity and consistent application.	<p>Agree</p> <p>JPS will begin updating its policies and training materials immediately. This will be a key work plan item for Coroner Services the 2025-26 fiscal year.</p>	September 30, 2025



Par. #	Recommendation	Department's Response	Target Implementation Date
<b>We recommend the Department of Justice and Public Safety:</b>			
<b>2.70</b>	ensure that inquest files contain all required documentation.	<p>Agree</p> <p>JPS currently retains all required documentation for inquest files, however, some are electronic and some are paper. We agree that one file reviewed was missing a document. Storage and filing standards will be reviewed and improved to ensure that information is accessible and organized. JPS is actively recruiting additional administrative support to support records management for Coroner Services.</p>	December 2024
<b>2.73</b>	ensure the rationale to hold or not hold an inquest is documented.	<p>Agree</p> <p>The Department of Justice and Public Safety currently tracks and documents rationale on whether to hold or not hold an inquest. This information is found in investigative reports, Coroner's Declaration, and inquest tracking documents.</p>	Complete

Par. #	Recommendation	Department's Response	Target Implementation Date
<b>We recommend the Department of Justice and Public Safety:</b>			
2.78	establish timelines for when an inquest has been ordered to when the inquest is held.	<p>Agree</p> <p>JPS will adopt standard timelines based on analysis of the process and comparable systems in other jurisdictions. This review will begin immediately, and standards are expected to be in place by the end of the 2024-25 fiscal year.</p>	March 31, 2025
2.82	ensure that the Chief Coroner reports monthly all child deaths to the Child Death Review Committee as required by the <i>Coroners Act</i> .	<p>Agree</p> <p>As of the date of this response, JPS has implemented a revised process wherein the Chief Coroner reports all child deaths monthly to the CDRC as required by legislation.</p>	Completed November 2024
2.83	ensure that the Chief Coroner provides written approval to the Child Death Review Committee to conduct a review as required by the <i>Coroners Act</i> .	<p>Agree</p> <p>As of the date of this response, JPS has implemented a revised process wherein the Chief Coroner provides written approval to the CDRC to conduct a review as required by legislation.</p>	Completed November 2024

Par. #	Recommendation	Department's Response	Target Implementation Date
<b>We recommend the Department of Justice and Public Safety:</b>			
<b>2.87</b>	ensure the Child Death Review Committee prepares a report for each child death reviewed as required by legislation.	Agree  JPS will immediately implement a system to ensure the CDRC prepares a report for all child deaths reviewed, as required by legislation.	December 2024
<b>2.91</b>	ensure that Child Death Review Committee member roles and responsibilities are documented.	Agree  JPS will review and enhance the CDRC Terms of Reference, roles and responsibilities beginning immediately and this is expected to be completed by the end of the 2024-25 fiscal year.	March 31, 2025
<b>2.92</b>	develop detailed child death review procedures.	Agree  JPS will review and update existing procedures beginning immediately with expected completion by end of the 2024-25 fiscal year.	March 31, 2025

Par. #	Recommendation	Department's Response	Target Implementation Date
<b>We recommend the Department of Justice and Public Safety:</b>			
<b>2.101</b>	ensure that the Child Death Review Committee meets as often as necessary to meet Terms of Reference and Legislative requirements.	<p>Agree</p> <p>JPS acknowledges the discrepancies between the <i>Coroners Act</i> and the Committee Terms of Reference and therefore will immediately adjust the Terms of Reference timelines to adhere to legislative requirements.</p>	December 2024
<b>2.106</b>	ensure criminal record checks are obtained for all coroners and retained in personnel files.	<p>Agree</p> <p>All personnel files will be reviewed and updated by the end of the calendar year to ensure all have valid criminal record checks.</p>	December 2024
<b>2.107</b>	ensure adequate documentation of coroner qualifications are obtained and retained in all personnel files.	<p>Agree</p> <p>JPS is working to improve records management strategies for Coroner Services and is actively recruiting additional administrative support to support records management. In the interim, all documentation of existing coroner qualifications will be organized in a consistent location by the end of the calendar year.</p>	December 2024

Par. #	Recommendation	Department's Response	Target Implementation Date
<b>We recommend the Department of Justice and Public Safety:</b>			
<b>2.109</b>	document the mandatory training requirements in policy for all coroners.	Agree  JPS will document mandatory training requirements in policies and procedures as part of a global review.	March 31, 2025
<b>2.113</b>	ensure coroners complete all required training before undertaking their first death investigation.	Agree  JPS will establish and document detailed training requirements for coroners and add to policies and procedures.	March 31, 2025
<b>2.115</b>	establish clear job-shadowing requirements, specifying the duration and skills required to ensure a structured and effective learning of necessary competencies.	Agree  Similar to above, JPS will establish guidelines and add to policies and procedures.	March 31, 2025
<b>2.122</b>	develop guidance for the peer review process to ensure consistent application and independence.	Agree  JPS will begin the development of guidance for the peer review process in 2024 and will incorporate into policies and procedures.	March 31, 2025

Par. #	Recommendation	Department's Response	Target Implementation Date
<b>We recommend the Department of Justice and Public Safety:</b>			
<b>2.140</b>	provide recommendations made by the Child Death Review Committee to relevant departments and agencies in writing and in accordance with the timelines set in the Terms of Reference.	Agree  JPS will ensure that all CDRC recommendations are provided to relevant departments and agencies in writing within a timeline to be established upon review of CDRC policies and procedures.	March 31, 2025
<b>2.141</b>	track recommendations made by the Child Death Review Committee to ensure completeness of reporting.	Agree  JPS will immediately review practices and adjust as needed to ensure effective documentation and tracking of CDRC recommendations.	December 2024
<b>2.142</b>	monitor responses to the recommendations and request updates as required to ensure accountability.	Agree  While the Department agrees in principle that updates on the implementation of CDRC recommendations would be desirable, it lacks legislative authority to compel other departments to act.	N/A

Par. #	Recommendation	Department's Response	Target Implementation Date
<b>We recommend the Department of Justice and Public Safety:</b>			
<b>2.147</b>	improve transparency of the work of the Child Death Review Committee, and as a minimum, publicly report recommendations made by the Child Death Review Committee within 30 days as stated in the Terms of Reference.	<p>Agree</p> <p>JPS notes that the Terms of Reference for the CDRC currently specify a different timeframe for public reporting than the <i>Coroners Act</i>. The Department will update the Terms of Reference and other policies and procedures to ensure alignment with the Act and will ensure that Committee recommendations are made public.</p>	March 31, 2025
<b>2.151</b>	ensure that recommendations made in Child Death Review Committee reports are provided to the Minister of Public Safety within six months of the Chief Coroner receiving a report and tabled in the Legislature as soon as possible.	<p>Agree</p> <p>JPS will immediately take action to ensure that CDRC reports are provided to the Minister of Public Safety within six months as specified in the <i>Coroners Act</i>.</p>	December 2024

Par. #	Recommendation	Department's Response	Target Implementation Date
<b>We recommend the Department of Justice and Public Safety:</b>			
<b>2.156</b>	ensure that Coroner Services is managing records in accordance with government policy and legislation.	<p>Agree</p> <p>The Coroner Services Branch is in the process of improving records management processes to ensure a consistent format and location for records. Recruitment is ongoing for an additional administrative support person, and training for Coroner Services staff on records management is planned for March 2025.</p>	March 31, 2025



## Appendix II: Audit Objective and Criteria

The objective and criteria for our audit of the Department of Justice and Public Safety are presented below. The Department of Justice and Public Safety and their senior management reviewed and agreed with the objective and associated criteria.

<b>Objective</b>	<b>To determine if the Department of Justice and Public Safety has systems and practices in place to ensure the effective completion of child death investigations, inquests, and reviews</b>
Criterion 1	The Child Death Review Committee is established as per legislation.
Criterion 2	Child death investigations, inquests and death reviews are completed in a timely manner with clearly defined procedures and with adequate documentation to support the rationale for decisions made.
Criterion 3	Coroners have adequate qualifications and are appropriately trained.
Criterion 4	Trends and risks factors in child deaths are identified and monitored to understand how and why children die.
Criterion 5	The Child Death Review Committee is providing recommendations in a timely fashion and are monitoring the impact of those recommendations in order to improve the safety of children and prevent the occurrence of child deaths.
Criterion 6	There are adequate reporting mechanisms in place to ensure transparency of the Child Death Review Committee's work.

## Appendix III: Independent Assurance Report

This independent assurance report was prepared by the Office of the Auditor General of New Brunswick on the Department of Justice and Public Safety and its child death investigation, inquest and review process. Our responsibility was to provide objective information, advice, and assurance to assist the Legislative Assembly in its scrutiny of the Department of Justice and Public Safety with respect to child death investigation, inquest and review process.

All work in this audit was performed to a reasonable level of assurance in accordance with the Canadian Standard on Assurance Engagements (CSAE) 3001 – Direct Engagements set out by the Chartered Professional Accountants of Canada (CPA Canada) in the CPA Canada Handbook – Assurance.

The Office of the Auditor General of New Brunswick applies the Canadian Standard on Quality Management 1 – Quality Management for Firms That Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements. This standard requires our office to design, implement, and operate a system of quality management, including policies or procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

In conducting the audit work, we have complied with the independence and other ethical requirements of the Rules of Professional Conduct of Chartered Professional Accountants of New Brunswick and the Code of Professional Conduct of the Office of the Auditor General of New Brunswick. Both the Rules of Professional Conduct and the Code are founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality, and professional behaviour.

In accordance with our regular audit process, we obtained the following from management:

- confirmation of management's responsibility for the subject under audit
- acknowledgement of the suitability of the criteria used in the audit
- confirmation that all known information that has been requested, or that could affect the findings or audit conclusion, has been provided
- confirmation that the findings in this report are factually based

### **Period covered by the audit:**

The audit covered the period between April 1, 2022 to June 30, 2024. This is the period to which the audit conclusion applies. However, to gain a more complete understanding of the subject matter of the audit, we also examined certain matters outside of this period as deemed necessary.

### **Date of the report:**

We obtained sufficient and appropriate audit evidence on which to base our conclusion on November 27, 2024, in Fredericton, New Brunswick.





# Access to Addiction and Mental Health Services

Department of Health

Volume II – Chapter 3  
2024 AGNB Annual Report



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# 2024 Volume II

## Chapter 3 Highlights

**Wait times exceed  
established targets**

**Mental Health Services  
Advisory Committee  
inactive**

**Budgets not based on  
actual need**

### Overall Conclusions

Our audit work concluded that the Department of Health does not have mechanisms in place to ensure timely access to, and adequate reporting on, addiction and mental health services. Overall findings are that the Department of Health has not:

- ensured timely access to addiction and mental health services
- monitored the need or planned resource allocation in accordance with demand for addiction and mental health services
- ensured adequate public reporting on access to addiction and mental health services, including wait times

## Results at a Glance

### Access to Addiction and Mental Health Services

Access to addiction and mental health services is not timely



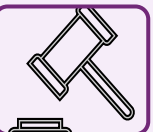
#### Findings



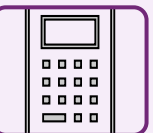
Department of Health **lacks** performance measures pertaining to wait times between referral and assessment



Wait times for treatment **exceed** established Department of Health performance measures



**Non-compliant** with the *Mental Health Services Act*



Budget for addiction and mental health services is **not based on need**



**Incomplete** public reporting on access wait times





## About the Audit

### Introduction to the Audit

- 3.1 The Department of Health's Addiction and Mental Health Services branch, in conjunction with the Regional Health Authorities, works closely with other government departments, community organizations, and people with lived experience to deliver addiction and mental health services for New Brunswickers.
- 3.2 The *Mental Health Services Act* governs the conduct and coordination of mental health services in New Brunswick. The Minister of Health is responsible for supporting mental health services, pursuant to this Act. The Minister responsible for Addictions and Mental Health Services oversees the Addiction and Mental Health Services branch.

### Why we Chose this Topic

- 3.3 Timely access to addiction and mental health services is crucial to improve health outcomes for New Brunswickers.
- 3.4 More than one in five New Brunswickers experience an alcohol or drug use disorder in his or her lifetime, and nearly one in ten New Brunswickers use health services for a mood or anxiety disorder each year.

### Auditee

- 3.5 Our auditee was the Department of Health.

### Audit Scope

- 3.6 We examined the planning, funding, monitoring, and reporting on provincial addiction and mental health services to assess access to these services.
- 3.7 The audit covered the period from April 1, 2022 – March 31, 2024. Information outside of this period was collected and examined as deemed necessary. As part of our work, we reviewed relevant policy, legislation, guidelines, and data on addiction and mental health services. Departmental staff were interviewed.
- 3.8 More details on the audit objective, criteria, scope, and approach we used in completing our audit can be found in Appendix II and Appendix III.

### Audit Objective

- 3.9 Our audit objective was to assess whether the Department of Health has mechanisms in place to ensure timely access to, and adequate reporting on, addiction and mental health services.

## Conclusion

**3.10** Our audit work concluded that the Department of Health does not have mechanisms in place to ensure timely access to, and adequate reporting on, addiction and mental health services. Overall, we found the Department of Health has not:

- ensured timely access to addiction and mental health services
- monitored the need or planned resource allocation in accordance with demand for addiction and mental health services
- ensured adequate public reporting on access to addiction and mental health services, including wait times

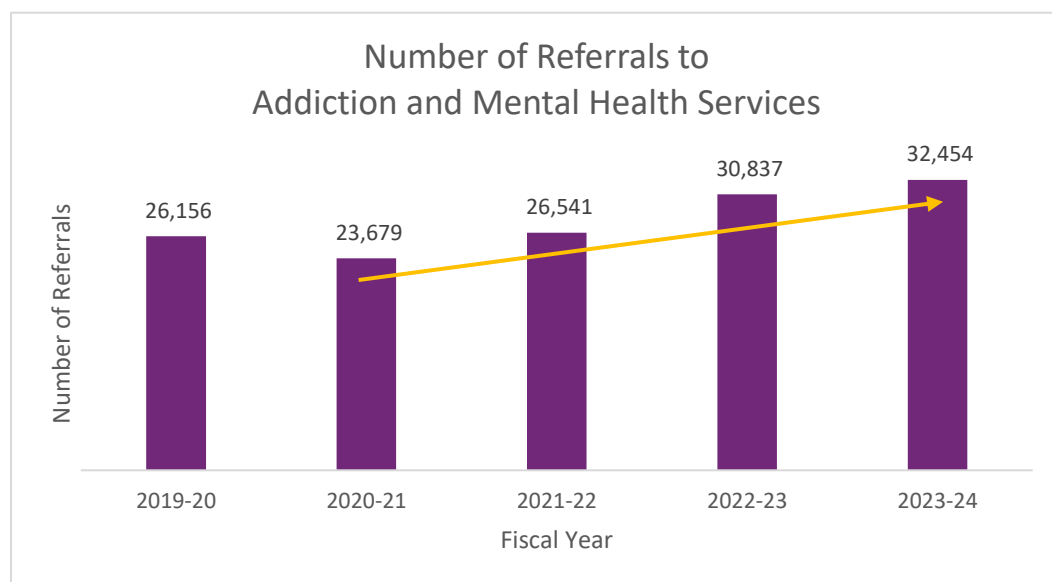
## Background

**3.11** The Department of Health (the department) is responsible for the planning, funding, and monitoring of provincial addiction and mental health services (AMHS). The Addiction and Mental Health Services branch oversees the delivery of AMHS throughout the two Regional Health Authorities (RHAs) and across the seven health zones.

**3.12** Delivery of AMHS is governed by the *Mental Health Services Act*, as well as a set of provincial operational guidelines, which give direction to managers, service providers, and others involved in the care and support of individuals with lived experience of addiction and/or mental health issues and their families. These guidelines are expected to promote efficiency and represent a collaborative effort between the RHAs and the department.

**3.13** The *Regional Health Authorities Act* provides for the delivery and administration of health services. Pursuant to this Act, the Minister is responsible for strategic direction, the provincial health plan, and the accountability framework for the provincial health care system.

- 3.14** The department's Inter-Departmental Addiction and Mental Health Action Plan states, *"Wait times for new high priority addiction and mental health referrals have been on the rise, with less than 50% of high priority cases receiving treatment within national benchmarks. This coupled with an estimated 51% of New Brunswickers identified as being at risk of developing negative mental health impacts as a result of the unprecedented COVID-19 pandemic suggests that the need for support/service will continue to rise."*
- 3.15** In New Brunswick, over the last five years, more than 20,000 individuals have been referred to AMHS per year and the number has increased steadily. The graph below shows a 37% increase since the start of the COVID-19 pandemic. In 2022-2023 and 2023-2024 there were over 30,000 referrals each year.



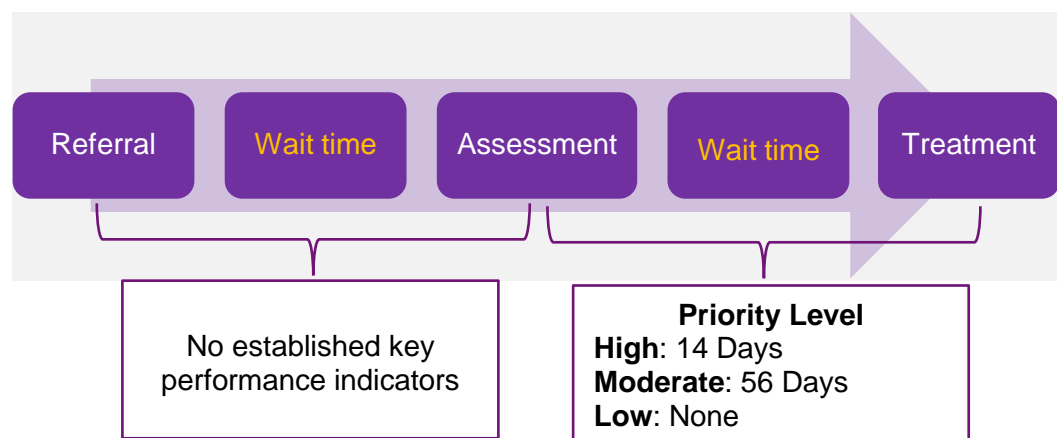
Source: Prepared by AGNB based on data from the department (unaudited).

- 3.16** As of April 12, 2024, 5,019 referrals were waiting for addiction and mental health services.

## Performance Measurement Requires Improvement

### No Key Performance Indicators for Referral to Assessment

- 3.17** Access to the majority of the department's adult, and child and youth AMHS is delivered in three stages: the referral, the assessment, and treatment. The referral is the initial request for service, and the assessment involves an appointment with the client where a clinician completes a standardized assessment tool to help determine if service is required and the individual's priority level. Treatment is initiated when a referral is opened as a case for higher-intensity ongoing AMHS.
- 3.18** The *Regional Health Authorities Act* stipulates that the department is responsible for direction on establishing performance measures.
- 3.19** The following table outlines the stages of the addiction and mental health services process and includes key performance indicators (KPIs):



- 3.20** No KPIs have been established for expected wait time between referral and assessment. However, the department has established KPIs for the expected wait time between assessment and treatment, which includes:
- high priority: a maximum of 14 days
  - moderate priority: a maximum of 56 days

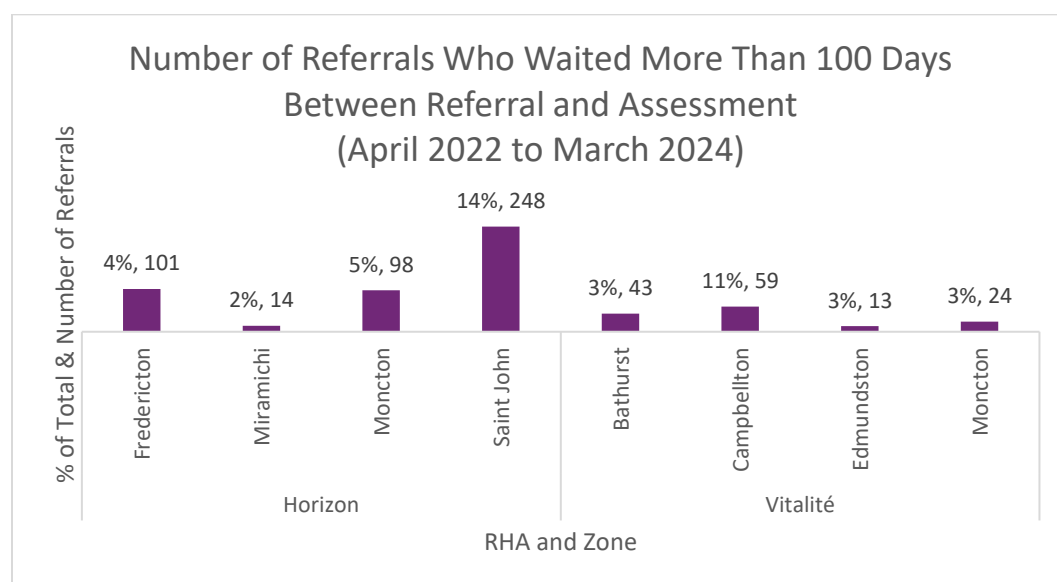
**3.21** The department has defined priority levels for those waiting for treatment as:

- high: unstable with potential to deteriorate quickly
- moderate: displays some adaptability to cope due to protective factors
- low: clients do not meet service provision criteria and are referred elsewhere (no expected wait time from assessment to treatment)

**3.22** Although the department does not have KPIs for wait times between referral and assessment, we examined data for the past two years and found:

- wait times vary between health zones
- 600 waited more than 100 days to be assessed
- of those, 22 waited between 366 and 529 days

**3.23** The following graph shows the percentage and actual number of referrals that waited more than 100 days for an assessment by health zone within each RHA:



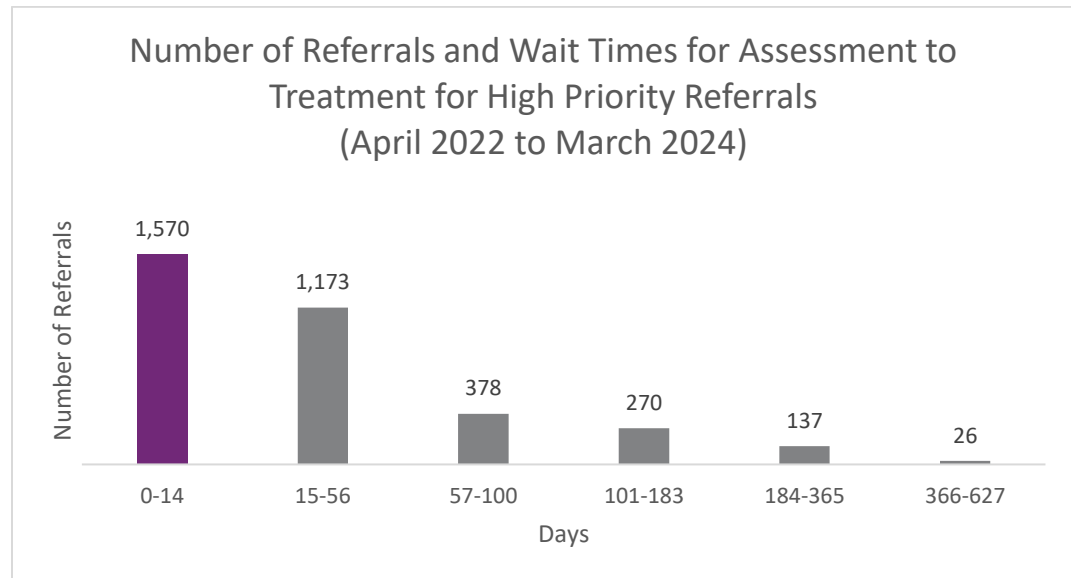
Source: Prepared by AGNB based on data from the department (unaudited).

## Recommendation

**3.24** We recommend the Department of Health establish measurable key performance indicators pertaining to the wait time between referral and assessment.

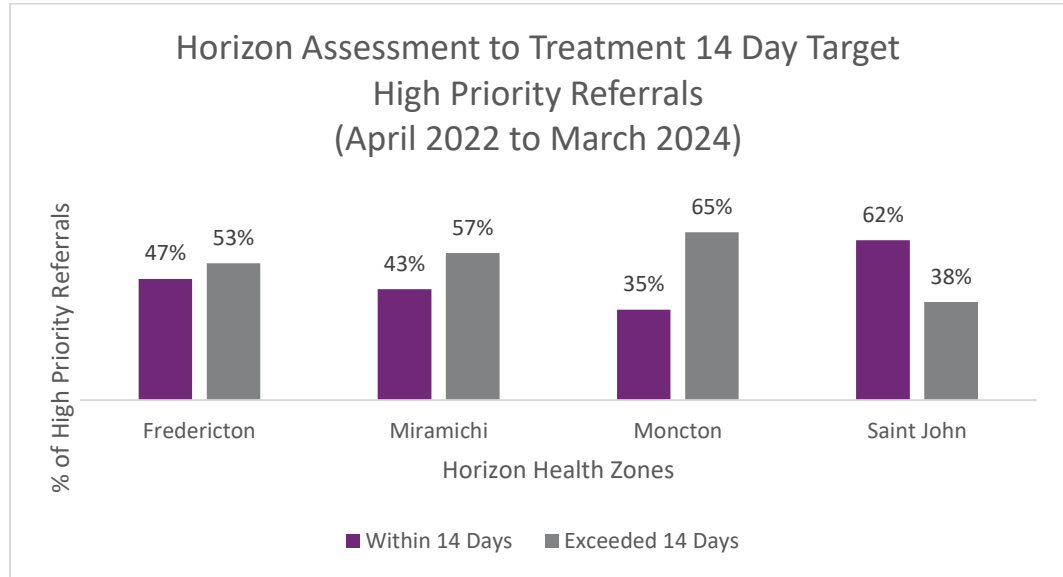
## Wait Times Exceed Department's Established Performance Measures

- 3.25** The department's KPI for expected wait time between assessment and treatment for cases that have been defined as high priority is 14 days. Our analysis showed between 2022 and 2024 the KPI was only met 44% of the time. Four hundred and thirty-three people waited more than 100 days, with one individual who waited 627 days. The graph below details the number of referrals and wait times between assessment and treatment.

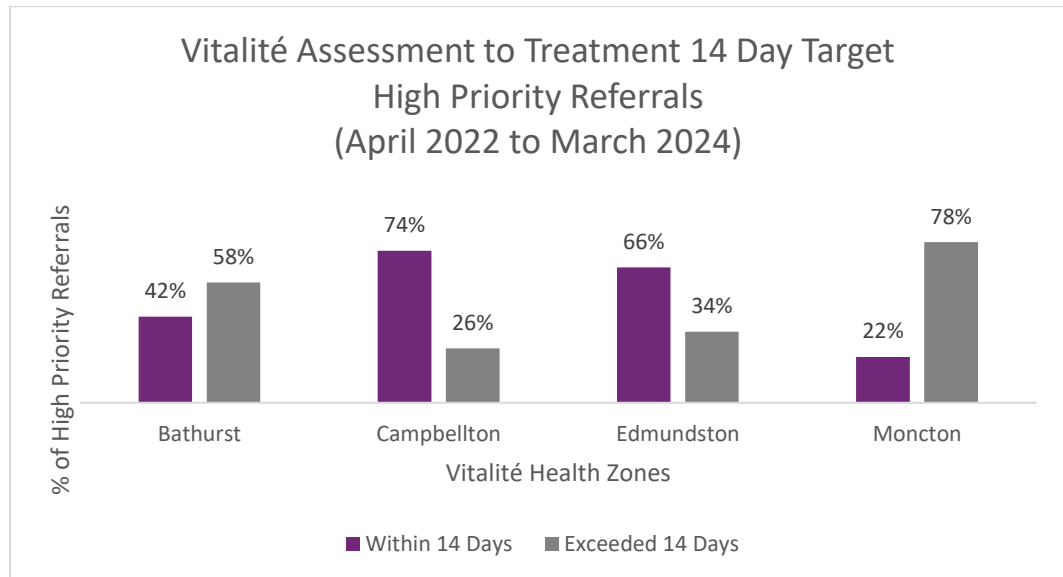


*Source: Prepared by AGNB based on data from the department (unaudited).*

**3.26** The following graphs show the percentage of referrals that met the high priority wait time per health zone within each RHA:

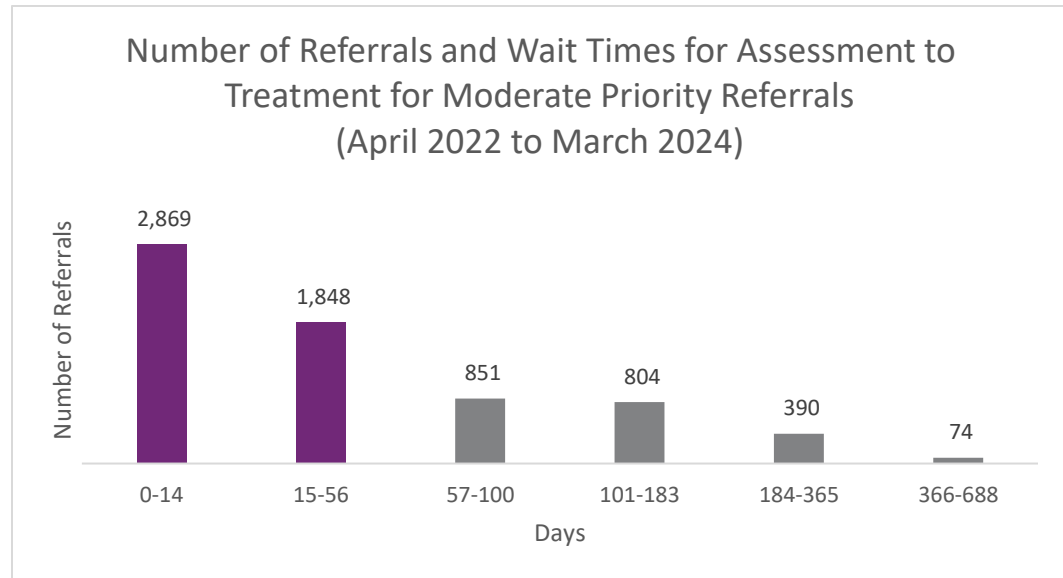


Source: Prepared by AGNB based on data from the department (unaudited).



Source: Prepared by AGNB based on data from the department (unaudited).

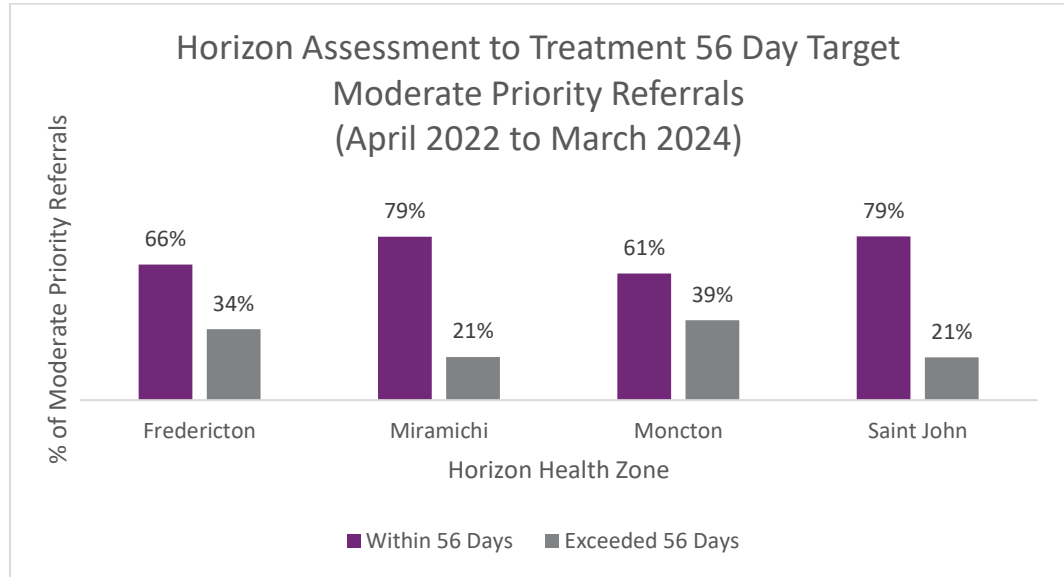
- 3.27** The department's KPI for expected wait time between assessment and treatment for referrals that have been defined as moderate priority is 56 days. Our analysis showed between 2022 and 2024 the KPI was met 69% of the time, but 74 referrals waited between 366 - 688 days. The graph below details the number of referrals and wait times between assessment and treatment:



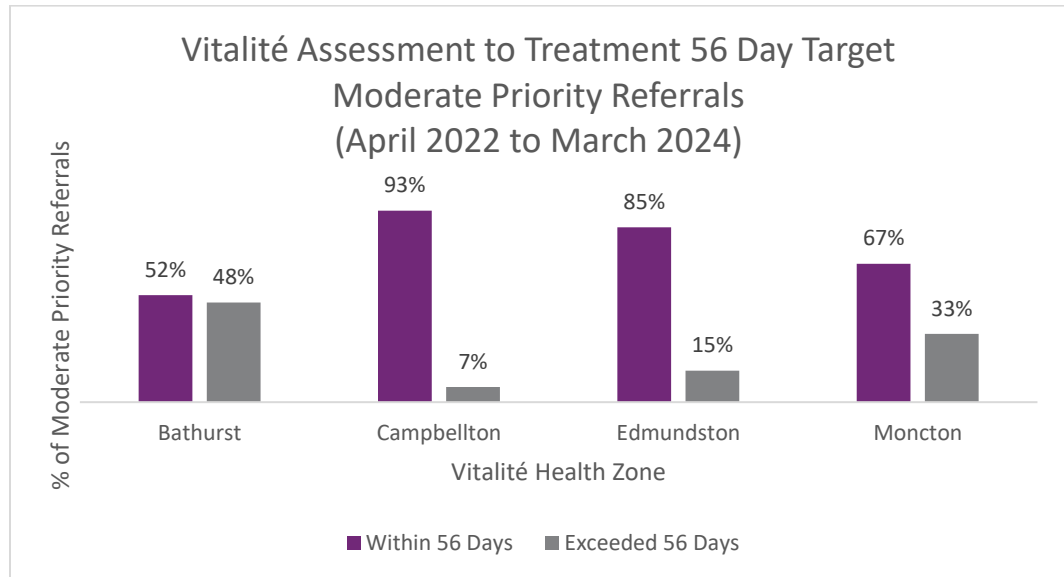
*Source: Prepared by AGNB based on data from the department (unaudited).*



**3.28** The following graphs show the percentage of referrals that met the moderate priority wait time per health zone within each RHA:

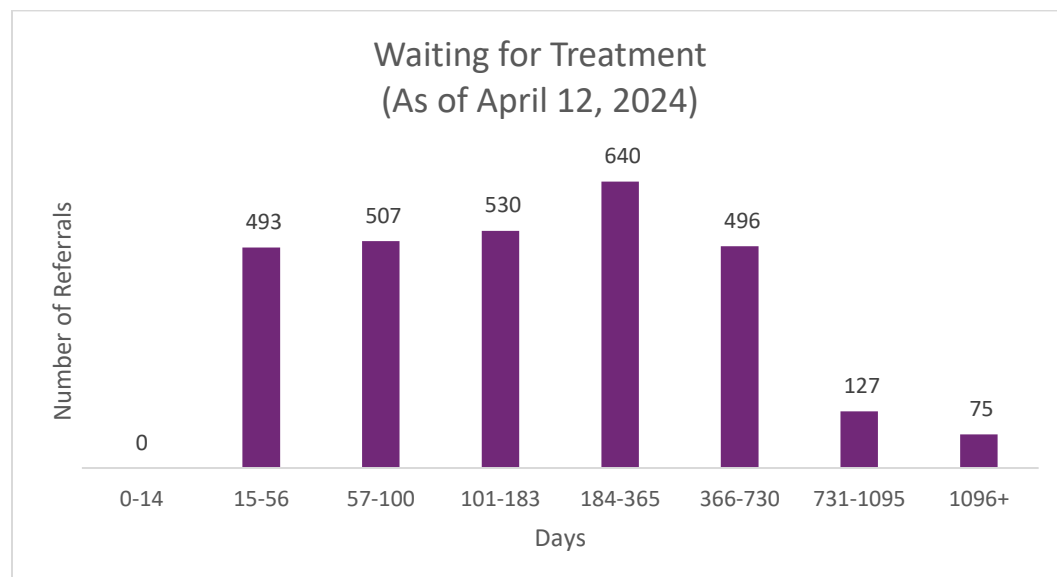


Source: Prepared by AGNB based on data from the department (unaudited).



Source: Prepared by AGNB based on data from the department (unaudited).

- 3.29** As of April 2024, there were 2,868 assessments waiting for treatment. The graph below shows the breakdown of these wait times, including 698 (24%) individuals who have been waiting over one year. Of these, 75 individuals have been waiting over three years.



Source: Prepared by AGNB based on data from the department (unaudited).

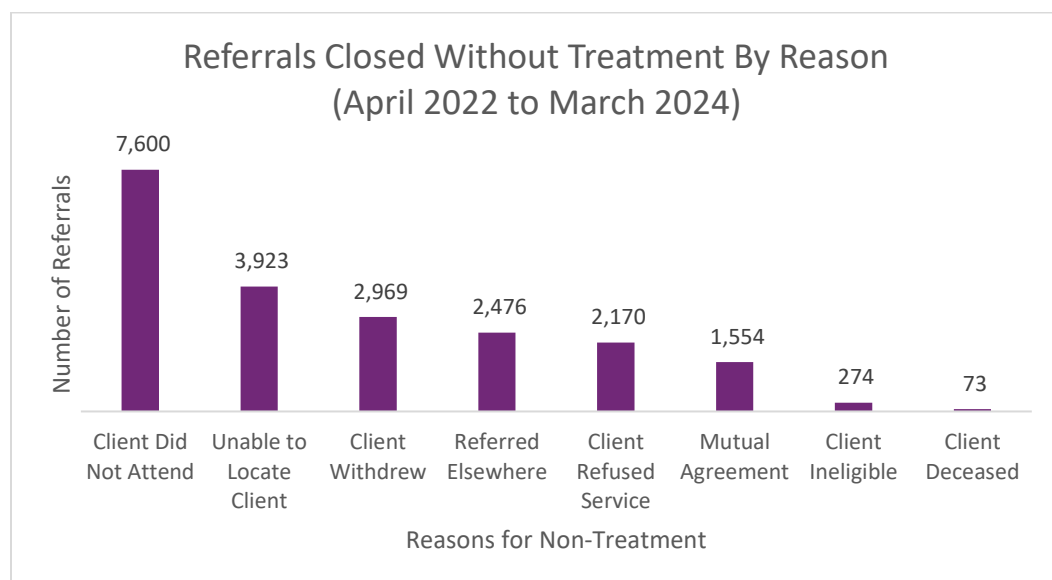
- 3.30** While we were able to analyze wait times from the department's own data, they do not regularly monitor this information to understand where the excessive wait times are. Such analysis would assist the department in understanding where the gaps are and facilitate timely intervention.

## Recommendation

- 3.31** We recommend the Department of Health monitor addiction and mental health services wait times to identify and address risks to achieving timely service delivery.

## Lack of Analysis for Cases Closed Without Treatment

**3.32** Between April 2022 and March 2024, AMHS received a total of 63,291 referrals. Of these, 21,039 (33%) were closed without treatment. The following graph details the number of referrals closed by reason:



Source: Prepared by AGNB based on data from the department (unaudited).

**3.33** We examined the three most common reasons for case closure and found high-priority referrals waited an average of 124 days but were closed without treatment. The three most common reasons for closure without treatment represent 69% (14,492) of referrals, as detailed in the table below.

Referral status reason	% referrals closed without treatment	Average wait time	# high priority	Average wait time high priority
Client did not attend	36%	42 days	248	124 days
Unable to locate client	19%	50 days	152	120 days
Client withdrew	14%	68 days	196	129 days

Source: Prepared by AGNB based on data from the department (unaudited).

## **Recommendation**

**3.34 We recommend the Department of Health, in collaboration with the Regional Health Authorities:**

- **analyze the data and address the high number of addiction and mental health referrals that are closed without treatment to ensure individuals' needs are being met**
- **continuously monitor the data regarding closed referrals without treatment**
- **address root causes as they arise by Regional Health Authority and/or by health zone**

## **Lack of Provincial Training**

**3.35** The department does not provide training for AMHS clinicians on the provincial operational guidelines, including the application of the standardized assessment tools and priority level assignment. A lack of comprehensive, mandatory training for staff can result in inconsistent application of the guidelines among clinicians and health zones across the province and can impact the measure of performance outcomes.

## **Recommendation**

**3.36 We recommend the Department of Health, in collaboration with the Regional Health Authorities, develop and implement mandatory training for the application of provincial operational guidelines for all addiction and mental health services staff.**

## Non-Compliance with the *Mental Health Services Act*

### Mental Health Services Advisory Committee Not Meeting

- 3.37** The *Mental Health Services Act* governs certain planning activities, including the establishment of a Mental Health Services Advisory Committee. Section 4 states:

*There is established an advisory committee called the Mental Health Services Advisory Committee, which shall advise the Minister on:*

*(a) the need, supply and delivery of mental health services,*

*(b) issues respecting mental health and mental health services referred to the Committee by the Minister or instantiated by the Committee, and*

*(c) matters related to the development and improvement of community-based support systems for persons suffering from mental disorders.*

- 3.38** Section 6(1) of the *Mental Health Services Act* states, “the Committee shall meet at least four times in each year.” Additionally, section 2(c) establishes the committee as the “coordinating body for government and community agencies dealing with mental disorders and mental health services” and section 2(e) states this committee is responsible to “establish, monitor and review standards respecting mental health services”.

- 3.39** The Minister of Health is responsible for appointing members to the Mental Health Services Advisory Committee and for overseeing its activities. We found the committee did not meet during our two-year audit period; it last met in June 2018.

- 3.40** Therefore, the department is non-compliant with the *Mental Health Services Act*, as this committee has not met in accordance with the meeting schedule (i.e., at least 4 times each year). We also found the department did not assess the risk associated with this non-compliance.

## Recommendation

- 3.41** We recommend the Department of Health comply with the *Mental Health Services Act*, including the requirements related to the Mental Health Services Advisory Committee and its meeting schedule and duties.

## Budgeting and Planning for Addiction and Mental Health Not Based on Need

- 3.42** According to New Brunswick's provincial health plan (2021): "*Over the past five years, the demand for addiction and mental health services has increased 16 per cent. Requests from adults are up nine per cent, while youth service needs are up 33 per cent.*"
- 3.43** Pursuant to section 5 of the *Regional Health Authorities Act*, the Minister of Health is responsible for strategic direction, and conducting financial and human resource planning for the health system, which includes addiction and mental health services. Furthermore, the department has a duty to assess the need for mental health services in New Brunswick. The Minister of Health shall be advised on these needs, in accordance with section 4 of the *Mental Health Services Act*. Having a monitoring strategy is a key component of both strategic and financial planning.
- 3.44** The Department provides the AMHS budget amounts based solely on historical budget amount. The RHAs complete Community Health Needs Assessments, however, the department did not use the assessments in AMHS budget preparation. Without an adequate assessment of needs, the department cannot budget appropriately for the needs of the population.
- 3.45** In addition, we found the department is not monitoring the addiction and mental health services budget use within the RHAs. Without this monitoring function, the department cannot ensure funds are being allocated to AMHS resources efficiently.

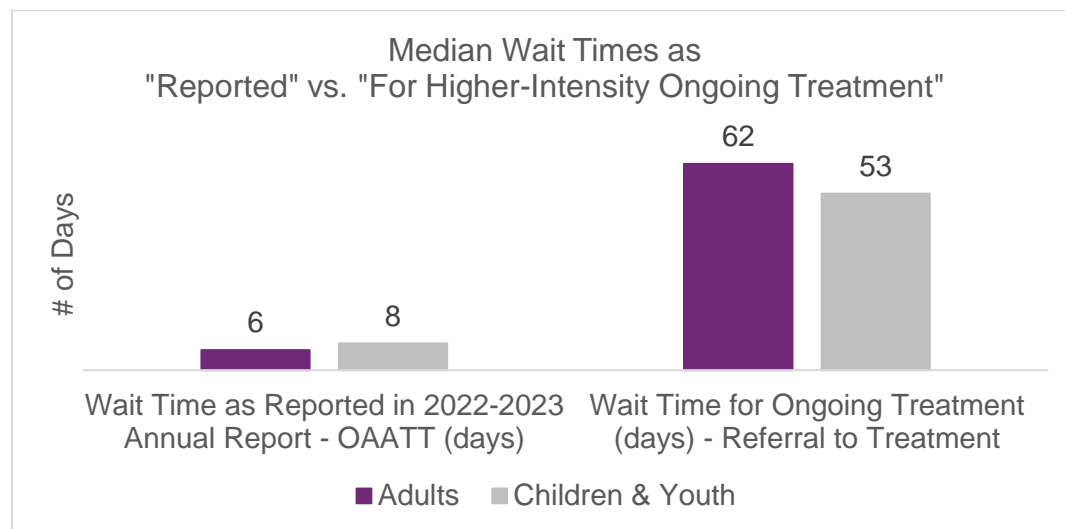
## Recommendation

- 3.46** We recommend the Department of Health, in collaboration with the Regional Health Authorities, develop its base budget for addiction and mental health services based on an updated/current needs assessment of the New Brunswick population.
- 3.47** We recommend the Department of Health develop a process to monitor addiction and mental health services budget use within the Regional Health Authorities to ensure resources were used as intended.

## Inadequate Public Reporting

### Incomplete Public Reporting on Access Wait Times

- 3.48** In the 2022-2023 Annual Report, we found the department only reported on One-at-a-Time Therapy (OAATT). OAATT is a single session therapy that focuses on the client's strengths and resources. The department did not report on wait times for higher-intensity ongoing treatment. We also reviewed the department's 2021-2022 Annual Report and noted no wait times were reported for AMHS.
- 3.49** We compared reported OAATT wait times to overall wait times for higher-intensity ongoing AMHS from the time of referral to treatment in the graph below.



Source: Prepared by AGNB based on data from the department (unaudited).

- 3.50** As noted in the previous graph, median wait times for higher-intensity ongoing treatment are significantly longer than for OAATT.
- 3.51** As stipulated under the government's Administration Manual Policy AD-1605, within its annual report, departments *"...should give a clear account of goals, objectives and performance indicators. The report should show the extent to which a program continues to be relevant, how well the organization performed in achieving its plans and how well a program was accepted by its client groups."*
- 3.52** Due to the policy requirement to *"give a clear account of goals, objectives and performance indicators"*, we would encourage the department to report on access to AMHS, including wait times.

## Reporting Lacks Links to Impacts and Outcomes

- 3.53** As one of its five action areas, the provincial health plan includes *"Access to Addiction and Mental Health Services"*, within which nine deliverables are outlined. The New Brunswick Health Council (NBHC) is tasked with reporting on these deliverables on behalf of the department on a quarterly basis. As of April 1, 2024, NBHC reported eight of these deliverables have been completed.
- 3.54** The department, however, has not reported on the impact of completing these deliverables on access to AMHS.

### Recommendation

- 3.55** We recommend the Department of Health provide timely public reporting on access to addiction and mental health services, including wait times and the impact of deliverables.



## Appendix I: Recommendations and Responses

Par. #	Recommendation	Department's Response	Target Implementation Date
<b>We recommend the Department of Health:</b>			
<b>3.24</b>	establish measurable key performance indicators pertaining to the wait time between referral and assessment.	<p>Agree</p> <p>The Department of Health will establish a measurable key performance indicator pertaining to the wait time between the referral and assessments.</p> <p>This work will be done in collaboration with the Regional Health Authorities.</p>	Q1 2025-2026
<b>3.31</b>	monitor addiction and mental health services wait times to identify and address risks to achieving timely service delivery.	<p>Agree</p> <p>The Department of Health will establish a continuous monitoring process for the wait times to identify risks and inform continuous improvements to be implemented by the Regional Health Authorities.</p>	Q2 2025-2026

Par. #	Recommendation	Department's Response	Target Implementation Date
<b>We recommend the Department of Health:</b>			
<b>3.34</b>	<p>in collaboration with the Regional Health Authorities:</p> <ul style="list-style-type: none"> <li>analyze the data and address the high number of addiction and mental health referrals that are closed without treatment to ensure individuals' needs are being met</li> <li>continuously monitor the data regarding closed referrals without treatment</li> <li>address root causes as they arise by Regional Health Authority and/or by health zone</li> </ul>	<p>Agree</p> <p>The Department of Health, in collaboration with the Regional Health Authorities will analyze the data related to the number of in referrals closed without treatment and establish a continuous monitoring process for this data.</p>	Q3 2025-2026

Par. #	Recommendation	Department's Response	Target Implementation Date
<b>We recommend the Department of Health:</b>			
<b>3.36</b>	in collaboration with the Regional Health Authorities, develop and implement mandatory training for the application of provincial operational guidelines for all addiction and mental health services staff.	<p>Agree</p> <p>The Department of Health, in collaboration with the Regional Health Authorities is updating the provincial guidelines. As the guidelines get finalized, the Department of Health will provide the directive to both Regional Health Authorities to ensure mandatory training is provided to staff.</p>	Q1 2026-2027
<b>3.41</b>	comply with the <i>Mental Health Services Act</i> , including the requirements related to the Mental Health Services Advisory Committee and its meeting schedule and duties.	<p>Agree</p> <p>The Departmental of Health will establish the Mental Health Services Advisory Committee as required within the <i>Mental Health Services Act</i>.</p>	Q4 2024-2025

Par. #	Recommendation	Department's Response	Target Implementation Date
<b>We recommend the Department of Health:</b>			
<b>3.46</b>	in collaboration with the Regional Health Authorities, develop its base budget for addiction and mental health services based on an updated/current needs assessment of the New Brunswick population.	<p>Agree</p> <p>The Department of Health will assess current base budget for addiction and mental health programs and services as well as service delivered within the RHA's.</p> <p>We will establish a process in collaboration with the Regional Health Authorities to identify the needs of the population.</p>	Q1 2026-2027
<b>3.47</b>	develop a process to monitor addiction and mental health services budget use within the Regional Health Authorities to ensure resources were used as intended.	<p>Agree</p> <p>The Department of Health will establish a process of reporting from the RHA's to the Department of Health to ensure resources are used as intended and focused on meeting the intended outcomes.</p>	Q1 2026-2027

Par. #	Recommendation	Department's Response	Target Implementation Date
<b>We recommend the Department of Health:</b>			
<b>3.55</b>	provide timely public reporting on access to addiction and mental health services, including wait times and the impact of deliverables.	<p>Agree</p> <p>The Department of Health will work with both Regional Health Authorities on key performance indicators and a process to make public reports accessible including wait times and the impact of deliverables.</p>	Q1 2026-2027

## Appendix II: Audit Objective and Criteria

The objective and criteria for our audit of the Department of Health are presented below. The Department of Health and their senior management reviewed and agreed with the objective and associated criteria.

<b>Objective</b>	<b>To assess whether the Department of Health has mechanisms in place to ensure timely access to, and adequate reporting on, addiction and mental health services.</b>
Criterion 1	The Department of Health should ensure timely access to addiction and mental health services.
Criterion 2	The Department of Health should monitor the need for addiction and mental health services and plan resource allocation in accordance with demand.
Criterion 3	The Department of Health should ensure adequate public reporting on access to addiction and mental health services, including wait times.

## Appendix III: Independent Assurance Report

This independent assurance report was prepared by the Office of the Auditor General of New Brunswick on the Department of Health and its access to addiction and mental health services. Our responsibility was to provide objective information, advice, and assurance to assist the Legislative Assembly in its scrutiny of the Department of Health with respect to addiction and mental health services.

All work in this audit was performed to a reasonable level of assurance in accordance with the Canadian Standard on Assurance Engagements (CSAE) 3001 – Direct Engagements set out by the Chartered Professional Accountants of Canada (CPA Canada) in the CPA Canada Handbook – Assurance.

The Office of the Auditor General of New Brunswick applies the Canadian Standard on Quality Management 1 – Quality Management for Firms That Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements. This standard requires our office to design, implement, and operate a system of quality management, including policies or procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

In conducting the audit work, we have complied with the independence and other ethical requirements of the Rules of Professional Conduct of Chartered Professional Accountants of New Brunswick and the Code of Professional Conduct of the Office of the Auditor General of New Brunswick. Both the Rules of Professional Conduct and the Code are founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality, and professional behaviour.

In accordance with our regular audit process, we obtained the following from management:

- confirmation of management's responsibility for the subject under audit
- acknowledgement of the suitability of the criteria used in the audit
- confirmation that all known information that has been requested, or that could affect the findings or audit conclusion, has been provided
- confirmation that the findings in this report are factually based

### **Period covered by the audit:**

The audit covered the period between April 1, 2022, to March 31, 2024. This is the period to which the audit conclusion applies. However, to gain a more complete understanding of the subject matter of the audit, we also examined certain matters outside of this period as deemed necessary.

### **Date of the report:**

We obtained sufficient and appropriate audit evidence on which to base our conclusion on November 27, 2024, in Fredericton, New Brunswick.



December 2024

# Hotel Accommodations Policy

Department of Finance and Treasury Board

Volume II – Chapter 4  
2024 AGNB Annual Report





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# 2024 Volume II

## Chapter 4 Highlights

<b>No analysis was performed of estimated costs related to travel policy change</b>	<b>Lack of Treasury Board approval for policy change</b>	<b>Current employee travel policy is unclear and potentially misleading</b>
<b>Potential savings of \$632,169 annually if Government of Canada's Accommodations Directory Program rates were used</b>		

### Overall Conclusions

Our audit work concluded that the Department of Finance and Treasury Board's travel policy on employee hotel expenses does not reflect prudent fiscal management. Overall findings are as follows:

- no business case including quantitative and qualitative analysis was prepared to support the decision to cease participation in Government of Canada's Accommodations Directory Program
- there were potential annual savings of \$632,169 that could have been achieved through use of the Government of Canada's accommodation rates
- current hotel travel policy could mislead employees to continue using government hotel rates for which they are not eligible

## Results at a Glance

### Hotel Accommodations Policy

#### Insufficient Analysis for Policy Change



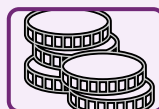
#### Findings



**Lack** of documented business case for policy decision to cease participation in the Government of Canada's Accommodations Directory program



Analysis supporting policy change **did not** adequately consider quantitative and qualitative factors



**No** analysis was performed of potential savings or increased costs



**\$632,169 annually** in estimated forgone savings



**Lack** of Treasury Board approval for policy change



**24%** of hotel stays tested had a lower federal directory rate for the same hotel as was used by a Government of New Brunswick employee



Current employee travel policy guidance to seek government rates is unclear and potentially misleading

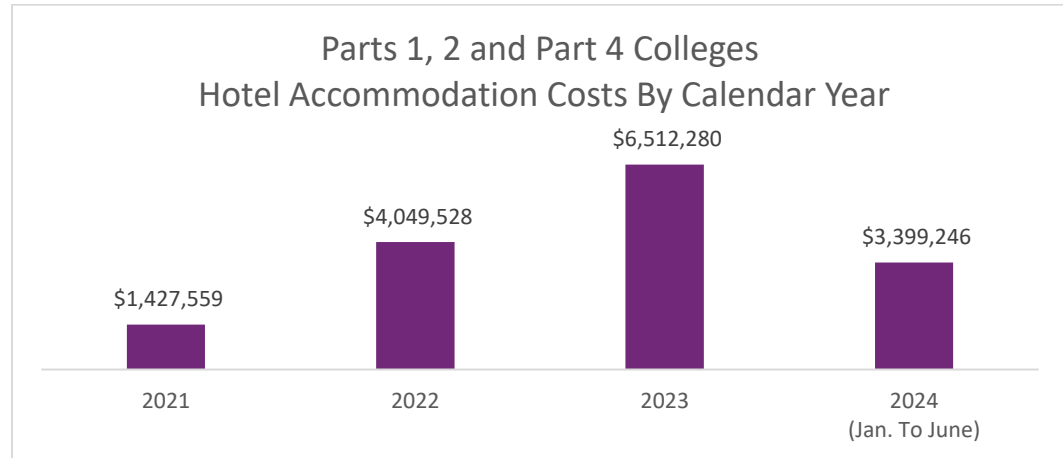
## About the Audit

### Introduction to the Audit

- 4.1** The Department of Finance and Treasury Board is responsible for policy planning and development and is mandated to provide the strategic direction for the prudent fiscal management of the Government of New Brunswick.
- 4.2** Government Policy AD-2801 provides guidance on hotel accommodation expenses and states that *“employees booking a hotel room are responsible for seeking government employee rates, or any special discounted rates, whichever is lower... Booking a hotel room above the normal standard room or government rate requires prior approval and justification.”*
- 4.3** The policy applies to:
- management and non-union employees of Parts 1, 2, and 3 of public service
  - unionized employees of Parts 1, 2, and 3 of public service except as may be otherwise provided by collective agreements
  - individuals employed on a personal service contract
  - individuals employed on a casual/temporary basis
- 4.4** Under the *Financial Administration Act*, Treasury Board may *“determine and regulate the payments that may be made to persons employed in the public service by way of reimbursement of travelling or other expenses...”*
- 4.5** We also found that travel policies for the New Brunswick Community College (NBCC) and Collège Communautaire du Nouveau-Brunswick (CCNB) both refer to the Government of Canada’s accommodations directory.

## Why we Chose this Topic

- 4.6** Hotel accommodation expenses for Part 1 and 2 of public service (and the community colleges from Part 4) were as follows:



Source: Prepared by AGNB based on travel claim data (unaudited).

- 4.7** Part 3 hotel accommodation costs were not readily available, however, assuming hotels were similar portions of total travel as Parts 1 and 2 (and the community colleges from Part 4), we estimate that costs for Part 3 are as follows:



Source: Prepared by AGNB based on travel claim data (unaudited).

- 4.8** Following a reduction in travel expenses during the COVID-19 pandemic, government employee travel has been increasing. Hotel costs have increased since the pandemic, and we felt it important to review the business case behind a significant policy change related to government hotel travel.

## Auditee

- 4.9** Our auditee was the Department of Finance and Treasury Board (the department). We also obtained audit evidence from various other departments, school districts and crown corporations relating to travel claim testing.

## Audit Scope

- 4.10** We examined the department's role in policy planning and development as it relates to employee hotel accommodations expenses.
- 4.11** The audit covered the period from January 1, 2023, to June 30, 2024. Information outside of this period was also collected and examined as deemed necessary. As part of our work, we reviewed employee travel claims, relevant policy, legislation, contracts, guidance on policy interpretation and support for policy changes.
- 4.12** More details on the audit objective, criteria, scope, and approach we used in completing our audit can be found in Appendix II and Appendix III.

## Audit Objective

- 4.13** Our audit objective was to assess whether the Department of Finance and Treasury Board's travel policy is reflective of prudent fiscal management as it relates to employee related hotel expenses.

## Conclusion

- 4.14** Our audit work concluded that the Department of Finance and Treasury Board's travel policy on employee hotel expenses does not reflect prudent fiscal management.

## Background

- 4.15** Prior to January 1, 2023, the Government of New Brunswick (GNB) participated in the Government of Canada's Accommodation Directory Program (GCADP), which granted access to federally negotiated accommodations rates at numerous hotels worldwide.
- 4.16** GCADP is based on a series of supply arrangements between the Government of Canada and suppliers of accommodations, through which discounted nightly rates are offered to identified users of GCADP when travelling on official government business. Each year the Government of Canada solicits these arrangements from accommodations properties in the form of daily rates.
- 4.17** Each participating hotel offers distinct daily rates that can be searched in an online directory available to identified users or in some cases accessed directly on hotels' websites.
- 4.18** Public Services and Procurement Canada (PSPC) oversees GCADP and has mechanisms for taking corrective action in cases of overcharges and sub-par accommodations quality through their GCADP contract management division. Suppliers are required to provide accommodations that are safe, clean and comfortable at the government rate offered in the directory.
- 4.19** Identified users include departments, boards and agencies of the Government of Canada. Provincial and territorial governments that pay an annual participation fee are also considered identified users.
- 4.20** The cost of participation in GCADP for the 2022 calendar year was \$14,850.
- 4.21** GNB ceased participation in GCADP effective January 1, 2023.



- 4.22** The expenses for the 10 departments with the highest hotel accommodation spend between January 1, 2024 and June 30, 2024 are as noted below:



Source: Prepared by AGNB based on travel claim data (unaudited).

## Inadequate Analysis for Policy Change

- 4.23** Despite the fact GNB ceased participation in the federal hotel directory program effective January 1, 2023, the department did not update Policy AD-2801 to remove references and links to the hotel directory until May 2023.

- 4.24** Prior to this change, the policy noted that:

- it was an employee responsibility to “[use] the government’s designated online tools when required such as [the] Accommodation Directory”
- negotiated rates in the directory were linked to in the policy and were to be used by employees on official government business travel
- hotel charges that exceeded negotiated rates for hotels listed in the directory required justification for the overage
- hotel charges at hotels not listed in the directory required justification and prior approval, and reimbursement could not exceed the maximum negotiated rates for the area

- employees were required to always request the government rate

- 4.25** The updated policy now states that, *“employees booking a hotel room are responsible for seeking government employee rates, or any special discounted rates, whichever is lower...Booking a hotel room above the normal standard room or government rate requires prior approval and justification.”*
- 4.26** We inquired with the department regarding what analysis was performed to support leaving GCADP and the associated policy change.

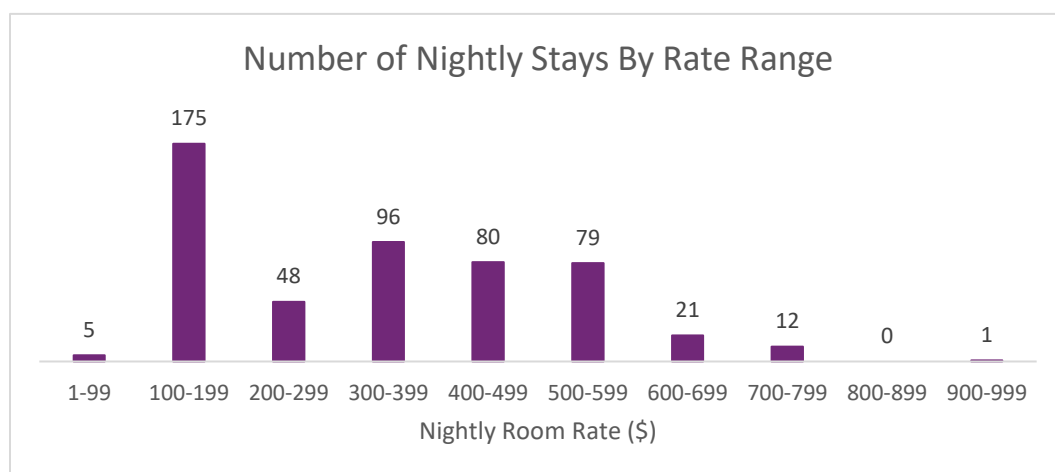
## Quantitative Analysis

- 4.27** There was no documented analysis to support the decision to cease participation in the federal hotel directory program. The department informed us that, *“a review of the \$14,850 subscription for participation in the Government of Canada accommodation directory revealed that it did not meet the expected value, leading to the decision not to proceed with payment,”* and that *“the return on investment was deemed insufficient due to the lack of demonstrated evidence of cost savings or measurable benefits.”* There was no business case detailing anticipated cost savings or increased expenditures.
- 4.28** The department informed us they reviewed activity on the GNB Travelling for Work Intranet page and noted that there was no activity on GNB’s link to the electronic hotel directory, or on the click-through to the federal page between January 2019 and March 2022.
- 4.29** This analysis, however, would not have accounted for the directory and/or government rates being accessed via other means such as through a search engine or hotel website.
- 4.30** The department did not review actual hotel expenditures to determine the extent to which employees were utilizing government rates as per the directory. They did not perform a quantitative analysis of whether savings had been achieved by using GCADP, nor has one been performed subsequently to determine if expenditures have increased.

## Hotel Rate Testing

- 4.31** To determine the financial impact of the decision to cease participation in GCADP, we performed testing of hotel expenses in GNB employee travel claims from January 1, 2024 to June 30, 2024, comparing these claims to rates in the directory at the same or nearby hotels. From this period, we tested a random sample of 140 travel claim reimbursements for hotel costs and also examined the 60 highest hotel claim reimbursements in Parts 1 and 2.

- 4.32** Our analysis showed potential annual savings of \$479,484 per year in Parts 1 and 2 and the colleges – equating to approximately 32 times the 2022 cost of participation in GCADP of \$14,850.
- 4.33** Only two account codes are used for all travel costs in Part 3 (travel in province and travel out of province), therefore, actual costs are not readily available for hotel accommodations only. If similar trends occurred in Part 3, as were observed in Parts 1 and 2 and the colleges, we estimate savings could be an additional \$152,685 annually.
- 4.34** For context, we noted that 113 nights in our sample had a cost of \$500 or more per night. An overview of nightly room rates we observed can be seen below:



*Source: Prepared by AGNB based on travel claim data.*

- 4.35** Some items of note observed in our testing were:
- 7 employees attended a conference in Barcelona for 4-6 nights at a total accommodation cost of \$19,346 with foregone savings of \$7,304. This trip included one employee expensing accommodations at \$997 for one night.
  - An employee stayed at a Disney World Resort for 5 nights at \$414 per night, when nearby hotels had nightly GCADP rates of \$209 available, for foregone savings of \$1,025.
  - 4 employees stayed 5 nights in Phoenix, Arizona at an average nightly rate of \$567, when nearby hotels had GCADP rates of \$168, for total foregone savings of \$6,665. \$2,357 of these savings related to one employee.
  - 8 employees attended the same conference in Toronto, staying at 3 different hotels. Two of these hotels had GCADP rates available of \$209 and \$309 per night, respectively, while the 7 employees staying in these hotels all paid different nightly rates, ranging from \$260 to \$719 per night. Total foregone savings for this trip were \$10,281.

## Qualitative Analysis

- 4.36** The department's analysis to cease participation in the federal program did not consider qualitative benefits of the directory.
- 4.37** As GCADP represents a series of contracts between the federal government and service providers, participation entitles identified users to the negotiated rates, meaning users are able to claim a refund in the event that they are overcharged.
- 4.38** The directory preface notes that should an establishment refuse to give the government rate to an employee of an identified user, they may contact GCADP management for assistance.
- 4.39** 24% of the items tested in our sample had a lower GCADP rate for the same hotel as was used by a GNB employee – rates that would be guaranteed through GCADP.
- 4.40** Participation in GCADP offers the qualitative benefit of ensuring that all employees receive a reduced rate that is consistent each night and for each employee, and that recourse is available if they are overcharged. Such benefits were not considered in the department's analysis supporting withdrawal from GCADP.

### Recommendation

- 4.41** We recommend the Department of Finance and Treasury Board evaluate its decision to cease participation in the federal hotel directory program and to prepare documented business cases, including comprehensive quantitative and qualitative analysis, to support its decision.

## Lack of Treasury Board Approval

- 4.42** Policy AD-1101 section 6.2 states, "*Treasury Board (the Committee) is responsible for authorizing additions to the AMS (Administrative Manual System) or changes to current ADs that are of a financial, personnel or administrative nature.*"
- 4.43** We requested the board of management minute detailing approval and were informed that the amendment was not taken to Treasury Board for approval.

## Recommendation

- 4.44 We recommend the Department of Finance and Treasury Board ensure that policy changes of a financial, personnel or administrative nature are approved by Treasury Board (Board of Management).**

## Lack of Clarity in Policy and Guidance

- 4.45** Despite no longer participating in GCADP, Policy AD-2801 still instructs employees to seek government rates.
- 4.46** The department indicated that participation in GCADP was not a prerequisite for booking a government rate, and that this supported the decision to cease participation, as *“using the lowest rate available, regardless of whether it is a government rate, provides better value for government.”*
- 4.47** Some rates listed as government rates available directly through a hotel’s website are in fact GCADP rates, for which GNB employees are no longer eligible.
- 4.48** We found that by making it the employee’s responsibility to continue to seek government rates with no clarification on what government rates GNB employees are eligible to use, the amended policy lacks clarity and could be misinterpreted as guidance to continue to use GCADP rates.
- 4.49** We also found through our testing that it is often not clear on a travel claim or hotel invoice whether a government rate was applied. As such there is no way for an expense approver to verify that a government or discounted rate was applied, and which discount type was used.

## Recommendation

- 4.50 We recommend the Department of Finance and Treasury Board ensure that policy and guidance related to hotels clearly outline employee responsibilities as they relate to hotel travel expenses.**

## Appendix I: Recommendations and Responses

Par. #	Recommendation	Department's Response	Target Implementation Date
<b>We recommend the Department of Finance and Treasury Board:</b>			
4.41	evaluate its decision to cease participation in the federal hotel directory program and to prepare documented business cases, including comprehensive quantitative and qualitative analysis, to support its decision.	<p>Agree</p> <p>The Department of Finance and Treasury Board will identify and assess opportunities to strengthen its travel policies and directives, including consideration of the federal directory program.</p>	March 31, 2025
4.44	ensure that policy changes of a financial, personnel or administrative nature are approved by Treasury Board (Board of Management).	<p>Agree</p> <p>The Department of Finance and Treasury Board will ensure that policy changes of a financial, personnel or administrative nature are submitted to Treasury Board either for approval or as information items, as required by policy AD-1101.</p>	Immediately

Par. #	Recommendation	Department's Response	Target Implementation Date
<b>We recommend the Department of Finance and Treasury Board:</b>			
<b>4.50</b>	ensure that policy and guidance related to hotels clearly outline employee responsibilities as they relate to hotel travel expenses.	<p>Agree</p> <p>The Department of Finance and Treasury Board will review the policy and guidance related to hotels, identify opportunities to further clarify employee responsibilities and enhance approval processes. Additionally, the Department of Finance and Treasury Board will work with other departments to increase employee awareness of their responsibilities under the policy and that adherence is appropriately enforced.</p>	March 31, 2025

## Appendix II: Audit Objective and Criteria

The objective and criteria for our audit of the Department of Finance and Treasury Board are presented below. The Department of Finance and Treasury Board and their senior management reviewed and agreed with the objective and associated criteria.

<b>Objective</b>	<b>To assess whether the Department of Finance and Treasury Board’s travel policy is reflective of prudent fiscal management as it relates to employee related hotel expenses.</b>
Criterion 1	Employee hotel expense directives and/or policy should be based on sound quantitative and qualitative analysis.
Criterion 2	Requirements and guidance pertaining to employee hotel expenses should be clearly documented in policy.



## Appendix III: Independent Assurance Report

This independent assurance report was prepared by the Office of the Auditor General of New Brunswick on the Department of Finance and Treasury Board and its Travel Expense Policy (AD-2801) as it relates to hotel accommodations. Our responsibility was to provide objective information, advice, and assurance to assist the Legislative Assembly in its scrutiny of the Department of Finance and Treasury Board with respect to its policy on hotel accommodations.

All work in this audit was performed to a reasonable level of assurance in accordance with the Canadian Standard on Assurance Engagements (CSAE) 3001 – Direct Engagements set out by the Chartered Professional Accountants of Canada (CPA Canada) in the CPA Canada Handbook – Assurance.

The Office of the Auditor General of New Brunswick applies the Canadian Standard on Quality Management 1 – Quality Management for Firms That Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements. This standard requires our office to design, implement, and operate a system of quality management, including policies or procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

In conducting the audit work, we have complied with the independence and other ethical requirements of the Rules of Professional Conduct of Chartered Professional Accountants of New Brunswick and the Code of Professional Conduct of the Office of the Auditor General of New Brunswick. Both the Rules of Professional Conduct and the Code are founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality, and professional behaviour.

In accordance with our regular audit process, we obtained the following from management:

- confirmation of management's responsibility for the subject under audit
- acknowledgement of the suitability of the criteria used in the audit
- confirmation that all known information that has been requested, or that could affect the findings or audit conclusion, has been provided
- confirmation that the findings in this report are factually based

### **Period covered by the audit:**

The audit covered the period between January 1, 2023, to June 30, 2024. This is the period to which the audit conclusion applies. However, to gain a more complete understanding of the subject matter of the audit, we also examined certain matters outside of this period as deemed necessary.

### **Date of the report:**

We obtained sufficient and appropriate audit evidence on which to base our conclusion on November 27, 2024, in Fredericton, New Brunswick.



# Status Report on Implementation of Performance Audit Recommendations



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# 2024 Volume II

## Chapter 5 Highlights

This chapter is a tool for the Public Accounts Committee (PAC) and the public to hold government departments, commissions and crown agencies accountable for the implementation of prior performance audit recommendations.

<u>2020 audits</u>	<u>2021 audits</u>	<u>2022 audits</u>
57% implementation	100% implementation	71% implementation
Public Accounts Committee should hold departments accountable for the implementation of our recommendations		

## Results at a Glance

### % of Recommendations Implemented

Year	Chapter Title   Total Number of Recommendations	% of Recommendations Implemented
2020	Timber Royalties - Department of Natural Resources and Energy Development   8	100%
	School Infrastructure Planning - Department of Education and Early Childhood Development and School Districts   14	86%
	Electronic Medical Record Program - Department of Health   7	86%
	Auditor General's Access to Vestcor Significantly Limited   5	40%
	Update on Nursing Home Planning and Aging Strategy - Department of Social Development   6	33%
	Ambulance Services - Department of Health & EM/ANB Inc.   21	29%
	NB Power Debt Challenges   2	0%

Year	Chapter Title	Total Number of Recommendations	% of Recommendations Implemented
2021	Risks Exist to Govt Oversight of Crown Agencies - Executive Council Office   5		100%
	Covid-19 Funding - NB Workers' Income Emergency Benefit - Department of Post-Secondary Education, Training and Labour   15		100%
	Funding for Rural Internet - Regional Development Corporation and Opportunities New Brunswick   13		100%
	Crown Agency Salaries and Benefits   2		100%
	Residential Energy Efficiency Programs - Department of Natural Resources and Energy Development, NB Power   7		100%

Year	Chapter Title	Total Number of Recommendations	% of Recommendations Implemented
2022	Liquor Industry Development in New Brunswick - New Brunswick Liquor Corporation   19		89%
	Contaminated Sites - Department of Environment and Local Government   17		76%
	Environmental Trust Fund - Department of Environment and Local Government   9		67%
	Oversight of the Employee Health and Dental Benefit Plan - Department of Finance and Treasury Board   14		43%





## Background

### Follow-Up Work Process

- 5.1** This follow-up chapter reports on implementation of recommendations from our 2020 – 2022 performance audit reports.
- 5.2** We do not provide an update in the year following the initial publication of our performance audit reports as we allow departments, commissions, and crown agencies the opportunity to act on our recommendations.
- 5.3** In years two to four we obtain confirmation from management on the level of implementation.
- 5.4** In year four, additional work may be conducted on some high-risk areas to ensure implementation aligns with our office's expectations.
- 5.5** See Appendix I: About our Status Report on Implementation of Performance Audit Recommendations.

## Implementation of 2020 Recommendations

- 5.6** Overall, 57% of our 2020 recommendations have been implemented as of August 31, 2024. As this is the last year our office provides status updates on these recommendations, additional details are noted below.

### School Infrastructure Planning – Department of Education and Early Childhood Development and School Districts

Volume I, Chapter 2

#### Chapter Background

- 5.7** Our audit objective was to determine whether the Department of Education and Early Childhood Development (EECD) and school districts are making evidence-based decisions for prioritizing major capital projects for school infrastructure (estimated cost greater than \$1 million), and capital improvement projects for existing school infrastructure (estimated cost from \$10,000 to \$1 million).

- 5.8** In our 2020 report, we found improvements were required in the following areas:

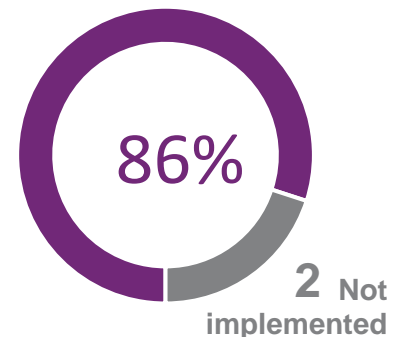
- province-wide long-term school capital planning
- funding prioritization process
- quality of facility condition data

- 5.9** We made 14 recommendations to EECD.

#### 2024 Implementation Status

- 5.10** 86% of our recommendations have been implemented.

**12** Recommendations implemented



## Ambulance Services – Department of Health & EM/ANB Inc.

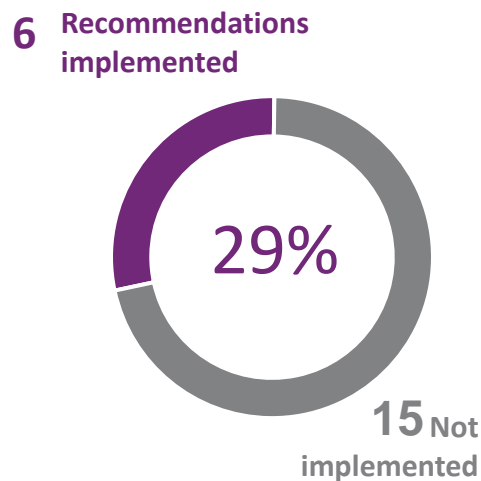
### Volume I, Chapter 3

#### Chapter Background

- 5.11** Our audit objectives were to determine whether the Department of Health's governance structures and processes established for EM/ANB set a framework for effective oversight; and whether EM/ANB's contract for ambulance services is designed and managed to achieve expected objectives.
- 5.12** In our 2020 report, we found improvements were required in the government's legislative framework and governance structure for ambulance services and its contract with Medavie Health Services New Brunswick.
- 5.13** We made 21 recommendations.

#### 2024 Implementation Status

- 5.14** 29% of our recommendations have been implemented.



## 2008 Timber Royalties – Department of Natural Resources and Energy Development

Volume I, Chapter 4

### Chapter Background

**5.15** Our objective of this follow-up review was to determine if the Department of Natural Resources and Energy Development had fully implemented four recommendations made in our 2008 Office of the Auditor General report chapter 5 entitled “*Department of Natural Resources – Timber Royalties*”.

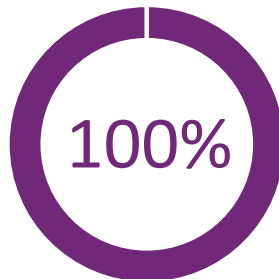
**5.16** In our 2020 report, we found improvements remained in collection and utilization of data in the crown timber royalty rate-setting process.

**5.17** We made eight recommendations.

### 2024 Implementation Status

**5.18** 100% of our recommendations have been implemented.

**8 Recommendations implemented**



## Electronic Medical Record Program – Department of Health

### Volume II, Chapter 2

#### Chapter Background

**5.19** The objectives of this audit were to determine:

- if the Provincial Electronic Medical Record (EMR) program was implemented as intended and has achieved its planned outcomes
- if the Department of Health monitored EMR funding to mitigate risk to the taxpayer and to ensure compliance with the funding agreements

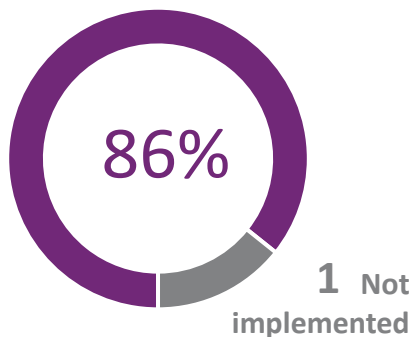
**5.20** In our 2020 report, we found improvements were required in government's oversight over the EMR program funding and implementation.

**5.21** We made seven recommendations.

#### 2024 Implementation Status

**5.22** All but one recommendation has been implemented.

**6 Recommendations  
implemented**

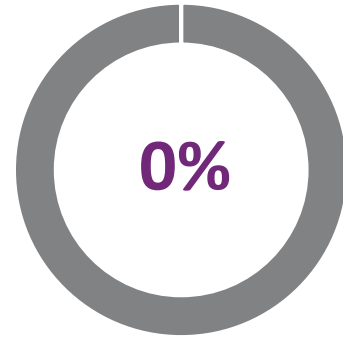


## NB Power Debt Challenges

Volume II, Chapter 3

### Chapter Background

- 5.23** In this chapter, we examined a 10-year trend analysis on NB Power's key financial ratios related to debt. We also compared these NB Power ratios to relevant peer utilities in Canada and reviewed New Brunswick's regulatory environment.
- 5.24** In our 2020 report we found improvements were required to NB Power's debt reduction plan and forecasting process.
- 5.25** We made two recommendations.



**2** Recommendations  
Not implemented

### 2024 Implementation Status

- 5.26** None of our recommendations have been implemented.

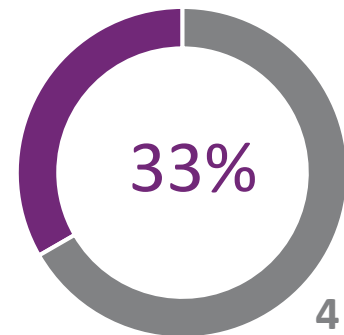
## Update on Nursing Home Planning and Aging Strategy – Department of Social Development

Volume II, Chapter 4

### Chapter Background

- 5.27** In this chapter, we assessed the implementation status of the recommendations made in our 2016 report to the Department of Social Development on Nursing Homes.
- 5.28** In our 2020 report, we found improvements were required in the implementation of government's nursing home plans, the Aging Strategy and public reporting.
- 5.29** We made six recommendations.

**2** Recommendations  
implemented



**4** Not  
implemented

### 2024 Implementation Status

- 5.30** 33% of our recommendations have been implemented.

## Auditor General's Access to Vestcor Significantly Limited

Volume II, Chapter 5

### Chapter Background

**5.31** The purpose of this chapter was to inform the Legislative Assembly of the difficulties we faced when trying to gain access to information at Vestcor.

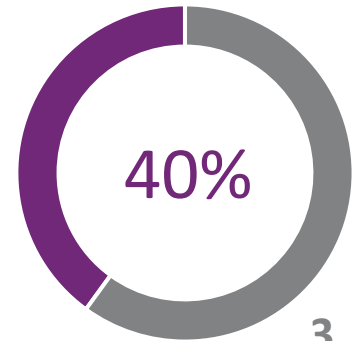
**5.32** In our 2020 report, we found limitations in access to critical information, which raised concerns about transparency and accountability in the management of public pension funds.

**5.33** We made five recommendations.

### 2024 Implementation Status

**5.34** 40% of our recommendations have been implemented.

**2 Recommendations implemented**



**3 Not implemented**

### Conclusion

**5.35** We encourage the Public Accounts Committee to hold the departments, commissions, and crown agencies accountable for the recommendations that have not been implemented as noted in Appendix II.

## Appendix I: About our Status Report

The Status Report on Implementation of Performance Audit Recommendations is not an audit and does not express an audit opinion. Management is responsible for implementing our recommendations from past performance audits. To ensure this report is credible, we obtained confirmation from departments, commissions, and crown agencies that the information to be reported is accurate and complete.

This report is conducted under the authority of the *Auditor General Act*. In conducting our work, we have complied with the independence and other ethical requirements of the Rules of Professional Conduct of Chartered Professional Accountants of New Brunswick and the Code of Professional Conduct of the Office of the Auditor General of New Brunswick. Both codes are founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality, and professional behaviour.

### **Period covered by the status report:**

2020, 2021 and 2022

### **Date of the status report:**

We concluded our work on the Status Report on Implementation of Performance Audit Recommendations on November 27, 2024, in Fredericton, New Brunswick.



## Appendix II: Recommendations from 2020 Chapters Not Implemented

### School Infrastructure Planning

#### Department of Education and Early Childhood Development and School Districts

2020, Volume I, Chapter 2

2.116	We recommend the Department, in consultation with school districts, develop and maintain a centralized asset inventory that contains details of all major facility components to support the Department's capital planning.
2.117	We recommend the Department develop and enforce data collection standards and requirements for the uniform collection and aggregation of facility data across all school districts.

### Ambulance Services

#### Department of Health & EM/ANB Inc.

2020, Volume I, Chapter 3

3.51	We recommend the Department formalize the mandate and governance for EM/ANB in legislation and provide mandate letters to EM/ANB with the annual budget approval.
3.70	We recommend EM/ANB enabling legislation to strengthen and clarify board authority with respect to hiring, compensation, performance and termination of the CEO.
3.71	We recommend the board hire an independent CEO upon future contractual amendment or renegotiation.
3.77	We recommend the board evaluate EM/ANB's annual corporate plans as part of its review of the CEO and MHSNB's performance and compare them to EM/ANB's annual report and obligations to the Department.
3.78	We recommend the board establish a performance management framework for EM/ANB and evaluate its performance annually.
3.103	We recommend EM/ANB calculate budget surplus payments based on flexible budget amounts which reflect the anticipated spending for the fiscal year.
3.108	We recommend the board define restrictions around budget surplus payments to exclude circumstances which may decrease the quality of the delivery of ambulance services.
3.135	We recommend EM/ANB introduce a more balanced suite of key performance indicators as the basis for performance-based payments to incentivize MHSNB toward high performance in all New Brunswick communities.
3.152	We recommend the Department and EM/ANB introduce controls to minimize the frequency of use of full deployment exemptions or discontinue the use of exemptions.
3.153	We recommend the EM/ANB board require MHSNB revise the System Status Plan to update the detailed specifications as to the ambulances, facilities and human resources required to be deployed to achieve performance standards.
3.163	We recommend the Department and EM/ANB revise the exemption approval guide to prevent the invalid use of full deployment exemptions or discontinue the use of exemptions.

3.191	We recommend the board implement progressive performance targets to incentivize MHSNB to achieve continuous improvement for the duration of the contract.
3.192	We recommend EM/ANB improve tracking, and follow-up of strategic and corporate initiatives and include measurable outcomes in its plans.
3.193	We recommend the board expand key performance indicators for performance-based payments to include all areas of operations, such as human resources, fleet and official languages.
3.206	We recommend the Executive Council Office review the Conflict-of-Interest Regulation under the <i>Conflict of Interest Act</i> and amend the regulation to include all relevant Crown corporations in Schedule A, including EM/ANB Inc.

### Electronic Medical Record Program

#### Department of Health

2020, Volume II, Chapter 2

2.61	We recommend the Department of Health ensure regular audits are carried out on future programs to evaluate achievement of program outcomes and funding recipients' compliance with funding terms.
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### NB Power Debt Challenges

2020, Volume II, Chapter 3

3.59	<p>We recommend NB Power prioritize debt reduction by developing a firm and well-defined debt management plan to achieve the mandated debt to equity target by 2027. The plan should comprise:</p> <ul style="list-style-type: none"> <li>• achievable annual key performance indicators (KPI) including a debt reduction amount and debt to equity ratio; and</li> <li>• a requirement to report annually within NB Power's annual report: <ul style="list-style-type: none"> <li>i. any deviation from the annual KPIs;</li> <li>ii. reasons if KPIs are not met; and</li> <li>iii. an adjusted action plan to reach 2027 target date.</li> </ul> </li> </ul>
3.84	We recommend NB Power, to improve its forecasting process, quantify the impact of likely uncertainties in the 10 Year Plan, such as fuel prices, hydro flow, Point Lepreau capacity factor, weather events, etc.

Update on Nursing Home Planning and Aging Strategy  
 Department of Social Development  
 2020, Volume II, Chapter 4

4.46	We continue to recommend the Department of Social Development evaluate whether there is an economic benefit to providing nursing home beds under the for-profit operated model versus the traditional model. This should include a comparison of actual costs and quality of service.
4.73	We recommend the Department of Social Development develop performance indicators with specific targets for each action item under the Aging Strategy, in collaboration with relevant stakeholders.
4.74	We recommend the Department of Social Development develop a formal process for monitoring action items under the Aging Strategy and verifying implementation.
4.88	We recommend the Department of Social Development publicly report actual outcomes compared to planned or expected outcomes under the Aging Strategy and the Nursing Home Plan. Reporting should provide explanations for gaps between plans and results.

Auditor General's Access to Vestcor Significantly Limited  
 2020, Volume II, Chapter 5

5.9	We recommend the Minister of Finance and Treasury Board propose the <i>Auditor General Act</i> be amended to list Vestcor (and all related entities) as auditable entities to ensure the Auditor General has unrestricted access to conduct both performance and financial audits as the Auditor General deems necessary.
5.10	We recommend the Minister of Finance and Treasury Board under section 12 of the <i>Auditor General Act</i> , request the Auditor General conduct a performance audit of Vestcor (and all related entities) that includes unrestricted access to Vestcor by the Auditor General.
5.12	We recommend the Minister of Finance and Treasury Board propose the <i>Vestcor Act</i> be amended to require Vestcor (and all related entities) to: <ul style="list-style-type: none"> <li>- file an annual report with the Clerk of the Legislative Assembly; and</li> <li>- appear before the Public Accounts Committee.</li> </ul>

NOTE: All recommendations from our 2021 chapters have been self-reported as implemented.

## Appendix III: Recommendations from 2022 Chapters Not Implemented

### Liquor Industry Development in New Brunswick – New Brunswick Liquor Corporation 2022, Volume I, Chapter 2

2.44	<p>We recommend the New Brunswick Liquor Corporation develop a communications and engagement plan for its interaction with local producers to establish:</p> <ul style="list-style-type: none"> <li>• terms of engagement with local producers;</li> <li>• objectives and targets against which to measure the effectiveness of local producer engagement; and</li> <li>• required monitoring and reporting on the effectiveness of local producer engagement in developing the local liquor industry.</li> </ul>
2.92	<p>We recommend the New Brunswick Liquor Corporation complete a comprehensive review and update of its pricing strategy and mark-up structure to ensure:</p> <ul style="list-style-type: none"> <li>• all product listing status types are included;</li> <li>• the process, decision criteria and documentation requirements for special agreements outside the standard mark-up structure are clearly included; and</li> <li>• business practices align with the pricing strategy, the mark-up structure, and the purposes prescribed in the <i>New Brunswick Liquor Corporation Act</i>.</li> </ul>

### Oversight of the Employee Health and Dental Benefit Plan – Department of Finance and Treasury Board 2022, Volume I, Chapter 3

3.32	We recommend FTB re-evaluate the Plan's operational structure to determine whether there is a more effective governance model.
3.48	We recommend the Department of Finance and Treasury Board develop and implement a cost containment strategy to stabilize costs while ensuring future sustainability of the Plan.
3.53	We recommend the Department of Finance and Treasury Board in consultation with Standing Committee on Insured Benefits, establish a risk management process, including an independent assessment of third-party risk management practices.
3.62	We recommend the Department of Finance and Treasury Board evaluate whether the Plan administration contract with Vestcor provides best value for money, such as by completing an RFI for Vestcor's services.
3.65	<p>We recommend the Department of Finance and Treasury Board in collaboration with Standing Committee on Insured Benefits:</p> <ul style="list-style-type: none"> <li>• Clarify the cost allocation among the different benefit plans administered by Vestcor; and</li> <li>• Ensure Vestcor expenditures are eligible and accurate prior to payment.</li> </ul>
3.72	We recommend the Department of Finance and Treasury Board in collaboration with Standing Committee on Insured Benefits, establish and communicate performance objectives with specific metrics to measure Plan performance, including third-party contracts.

3.80	We recommend the Department of Finance and Treasury Board analyze claims data periodically to identify: <ul style="list-style-type: none"> <li>• unusual claim patterns; and</li> <li>• suspected fraud or other types of anomalies.</li> </ul>
3.85	We recommend the Department of Finance and Treasury Board benchmark Plan performance against relevant industry benefit data.

### Contaminated Sites - Department of Environment and Local Government 2022, Volume II, Chapter 2

2.31	We recommend the Department of Environment and Local Government make more contaminated sites information readily available to the public on its website.
2.54	We recommend the Department of Environment and Local Government <ul style="list-style-type: none"> <li>• create a plan and establish a timeline to process all outstanding open contaminated site files; and</li> <li>• periodically review the plan against actual results to ensure work will be completed according to the timeline.</li> </ul>
2.61	We recommend the Department of Environment and Local Government standardize the information recorded in the Occurrence Database by Regional Inspectors across the province.
2.72	We recommend the Department of Environment and Local Government <ul style="list-style-type: none"> <li>• create performance targets for the occurrence process and compare actual results against performance targets on a regular basis; and</li> <li>• publicly report on the performance metrics of the occurrence process.</li> </ul>

### Environmental Trust Fund – Department of Environment and Local Government 2022, Volume II, Chapter 3

3.35	We recommend the Department of Environment and Local Government: <ul style="list-style-type: none"> <li>• identify a single authority with the responsibility for overseeing the administration of the Environmental Trust Fund (ETF); and</li> <li>• develop Terms of Reference document to clarify and define the roles, responsibilities and expectations of the Advisory Board.</li> </ul>
3.40	We recommend the Department of Environment and Local Government <ul style="list-style-type: none"> <li>• develop a strategy and annual plans for the ETF, with clearly defined objectives, performance measures and targets; and</li> <li>• link the annual budget to program objectives as part of ongoing annual planning.</li> </ul>
3.76	We recommend the Department of Environment and Local Government measure and report the expected and actual results for all projects funded by the ETF.

REPORT OF THE

# Auditor General of New Brunswick

Volume III  
Financial Audit

2024

AUDITOR GENERAL  
OF NEW BRUNSWICK



VÉRIFICATEUR GÉNÉRAL  
DU NOUVEAU-BRUNSWICK

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Speaker of the Legislative Assembly  
Province of New Brunswick

Madam,

As required under section 15(1) of the *Auditor General Act*, I am submitting Volume III of my Office's 2024 Report to the Legislative Assembly.

Respectfully submitted,

Paul Martin, FCPA, FCA  
Auditor General

Fredericton, N. B.  
December 2024





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## Chapter 1 - Auditor General's Comments

On September 10, 2024, the Office completed the annual audit of the Province's public accounts and issued an unqualified, or "clean" audit opinion.

We are encouraged by continued signs of fiscal progress for the Province. This year's surplus of \$501 million was the Province's seventh consecutive surplus while net debt decreased for the fourth year in a row and is at its lowest point in almost a decade. Overall, the Province's financial condition has remained stable since 2023.

In this report we present the results of our audit of public accounts. Notable items include the self-sustainability of NB Power, delays in collecting almost \$100 million in accounts receivable, and the amount of debt owed by the Province.

Fiscal 2024 was also the third year that the Province has implemented the Oracle Fusion Enterprise Resource Planning project, which is extensive and will require multiple years to fully complete. With Fusion being partially implemented, the Province continues to use outdated IT systems with noted risks.

This report also discusses the results of our audits of Crown agency financial statements. While we issued clean audit opinions in each of these audits, in almost every audit we have identified areas for improvement. This year, we completed nine audits and issued a total of 24 recommendations.

We are grateful for the continuing cooperation we receive from government departments and Crown agencies during our financial audit work.

I want to thank my audit team for their commitment to fulfilling the mandate of the Office of the Auditor General of New Brunswick. This report reflects their dedication and professionalism.



Paul Martin, FCPA, FCA  
Auditor General





# Annual Surplus, Net Debt and Funded Debt



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# **2024 Volume III**

## **Chapter 2 Highlights**

**Annual surplus of \$501 million was the Province's seventh consecutive surplus**

**Provincial expenses increased by \$1 billion**

**Net debt is at its lowest point since 2015**

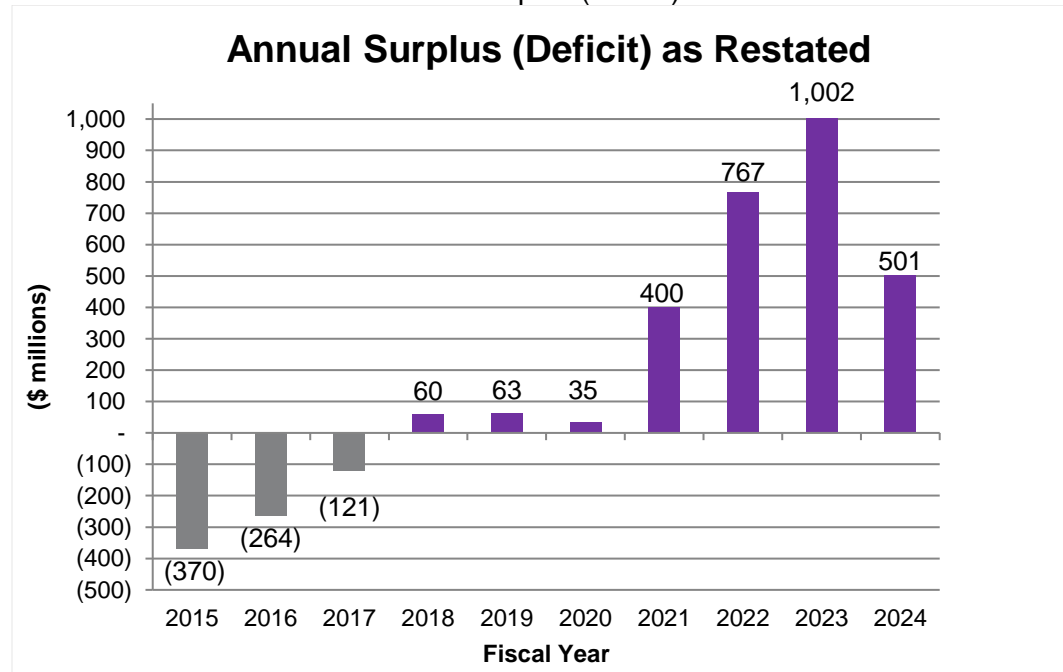
**\$4.4 billion in debt is due to be repaid over the next four years**

## Annual Surplus

### Seventh Consecutive Annual Surplus

- 2.1** For the seventh consecutive year, the Province of New Brunswick's has recorded an annual surplus. The March 31, 2024 audited consolidated financial statements reported an annual surplus of \$501 million.
- 2.2** The ten-year history for the annual surplus (deficit) is presented in Exhibit 2.1.





*Exhibit 2.1 - Annual Surplus (Deficit) as Restated*



Source: Prepared by AGNB based on applicable years Public Accounts data with restatements where identified in Public Accounts

- 2.3** Exhibit 2.2 shows, at a summary level, the contributing factors for the decrease in surplus from 2023 to 2024.

*Exhibit 2.2 - Breakdown of decrease in 2024 Annual Surplus*

<b>What happened since last year?</b>	
<b>Provincial Expenses</b>	 <i>Increased \$1B from 2023</i>
<b>Provincial Tax Revenue</b>	 <i>Decreased \$133M from 2023</i>
<b>All Other Provincial Revenue Sources</b>	 <i>Increased \$220M from 2023</i>
<b>Revenue from the Federal Government</b>	 <i>Increased \$468M from 2023</i>

*Source: Prepared by AGNB from New Brunswick Public Accounts Volume I for year ended March 31, 2024*

## Increases in Expenses Outpaced Increases in Revenues

- 2.4** The \$501 million decrease in the surplus from 2023 to 2024 was due to increases in provincial expenses which outpaced increases in total revenues. The most significant increases to expenses and revenues included:

- Health expenses of \$434 million (an increase of 11%)
- Social Development expenses of \$217 million (an increase of 13%)
- Education and Training expenses of \$202 million (an increase of 8%)
- Federal revenues of \$468 million (an increase of 11%)

## Provincial Tax Revenues are a Significant Source of Revenue

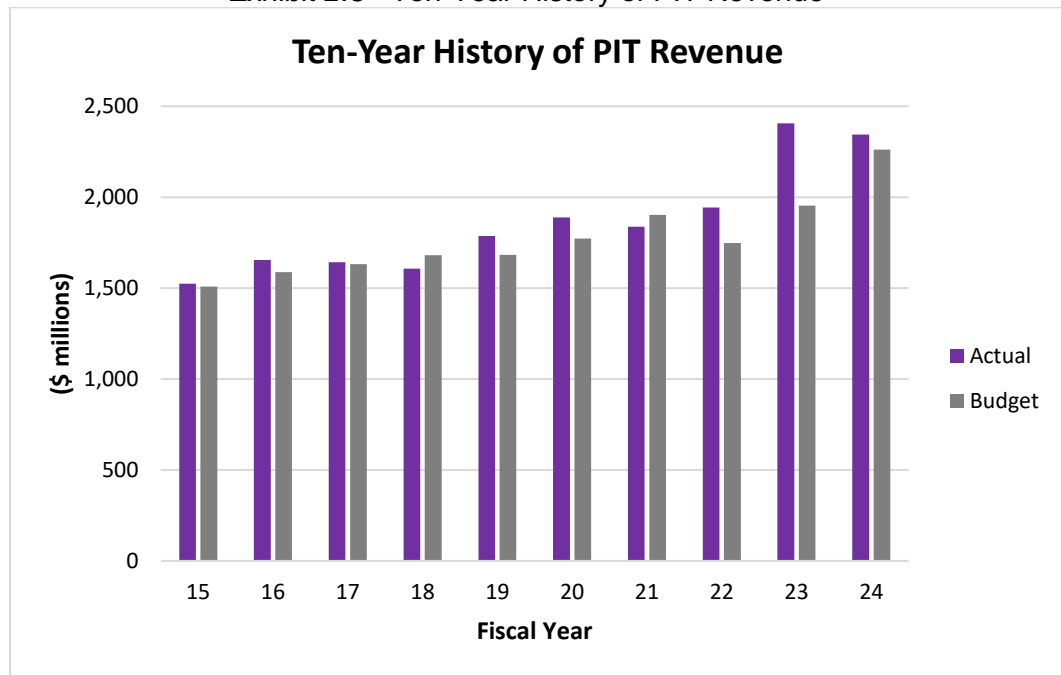
**2.5** While provincial tax revenues decreased from 2023, they totaled \$6.4 billion this year and made up 77% of provincial source revenue. Significant provincial tax revenues this year included:

- personal income tax (\$2.3 billion)
- corporate income tax (\$0.6 billion)
- harmonized sales tax (\$2.4 billion)

## Personal Income Tax

**2.6** Personal income tax (PIT) revenue estimates are based on information provided by Finance Canada and the Department of Finance and Treasury Board. The ten-year history of actual and budgeted revenues for PIT is presented in Exhibit 2.3.

*Exhibit 2.3 - Ten-Year History of PIT Revenue*

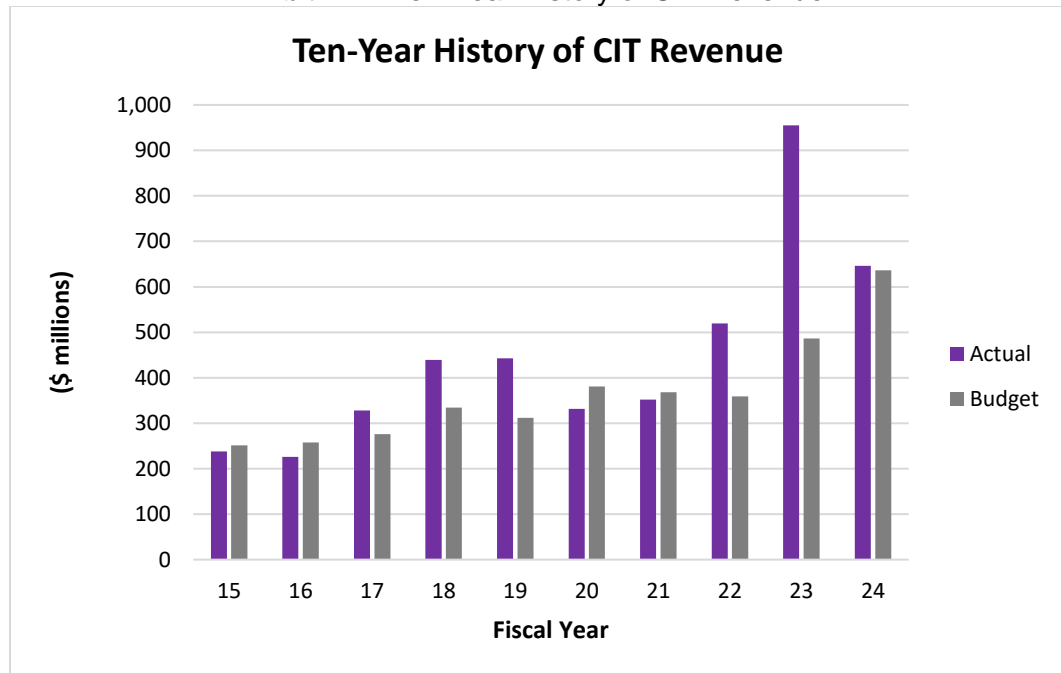


Source: Prepared by AGNB based on applicable years Public Accounts data with restatements where identified in Public Accounts

## Corporate Income Tax

- 2.7** Corporate income tax (CIT) estimates are based on information provided by Finance Canada and the Department of Finance and Treasury Board. The ten-year history of actual and budgeted revenues for CIT is presented in Exhibit 2.4.

*Exhibit 2.4 - Ten-Year History of CIT Revenue*

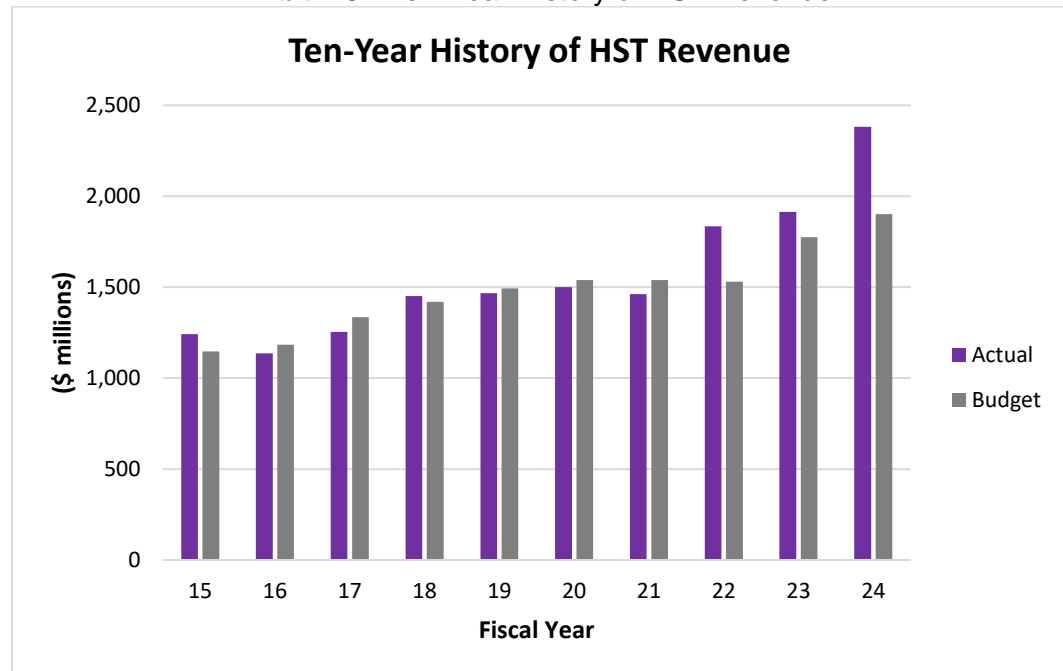


Source: Prepared by AGNB based on applicable years Public Accounts data with restatements where identified in Public Accounts

## Harmonized Sales Tax

- 2.8** Harmonized sales tax (HST) revenue estimates are based on a formula which is part of an agreement the Province has with the Federal government. Each year, the Federal government estimates the Province's HST entitlement according to the formula. The Federal government then makes payments to the Province based on these estimates. These estimates are subsequently revised according to a formal schedule as more economic and tax data become available. The ten-year history of actual and budgeted revenues for HST is presented in Exhibit 2.5.

*Exhibit 2.5 - Ten-Year History of HST Revenue*



*Source: Prepared by AGNB based on applicable years Public Accounts data with restatements where identified in Public Accounts*

- 2.9** The challenges associated with estimating tax revenues, including timing delays of possible adjustments may contribute to budget variances.

## Net Debt

### Net Debt, Funded Debt and Interest Costs

- 2.10** Net debt and funded debt are two forms of debt presented in the Province's consolidated financial statements. The Province also records an expense to service its funded debt annually, primarily consisting of interest costs. See Exhibit 2.6 below for definitions for net debt, funded debt, and service of the public debt.

*Exhibit 2.6 - Net Debt, Funded Debt and Service of the Public Debt Defined*

Term	2024 Amount	Definition
<b>Net Debt</b>	\$11.8 billion	An accounting calculation presented as total liabilities <i>minus</i> financial assets.
<b>Funded Debt</b>	\$17.6 billion*	Total long-term debenture debt the Province has borrowed and is legally bound to repay. The Province's outstanding funded debt balance consists mostly of bonds issued in the financial market.
<b>Service of the Public Debt</b>	\$537 million	Annual cost of servicing funded debt**, consisting mostly of interest costs.

Source: Prepared by AGNB using 2024 Public Accounts

\* Funded debt excludes \$5.3 billion borrowed on behalf of NB Power

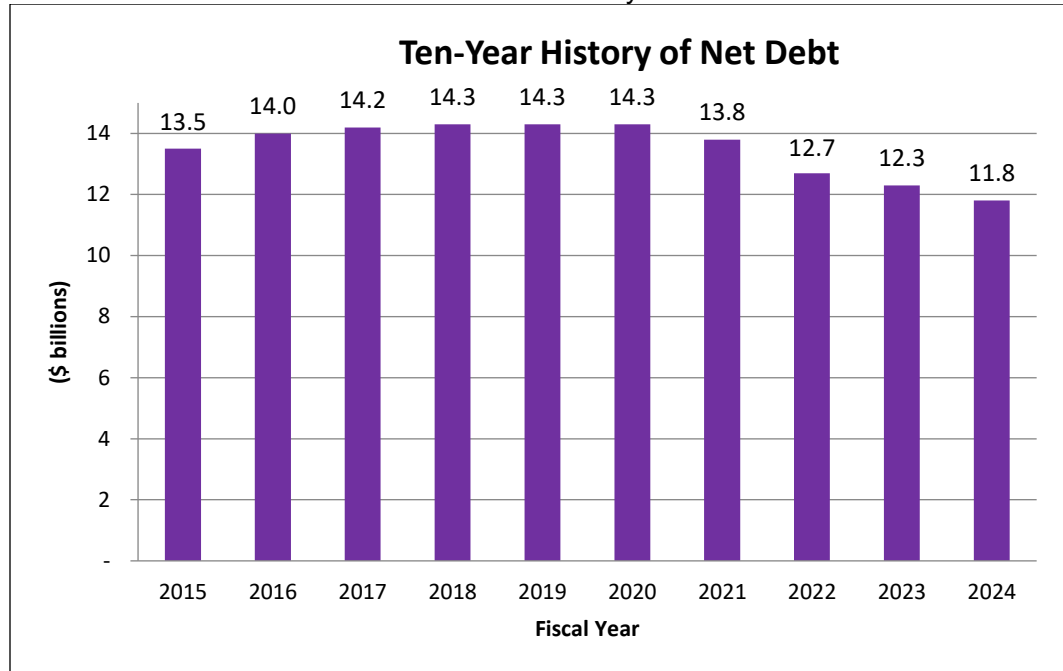
\*\*Service of the funded debt consists mostly of interest, interest on capital leases and public private partnerships, and interest on short-term borrowing offset by short-term investment income, amortization of discounts and premiums, and interest recovery for debt incurred for NB Power



## Fourth Consecutive Year Net Debt has Decreased

**2.11** Net debt offers valuable insight into the financial health of the Province as it provides information about future revenues which will be needed to meet past spending. Net debt has consistently decreased for the past four years and is \$11.8 billion at March 31, 2024. See Exhibit 2.7 below for the ten-year history of net debt.

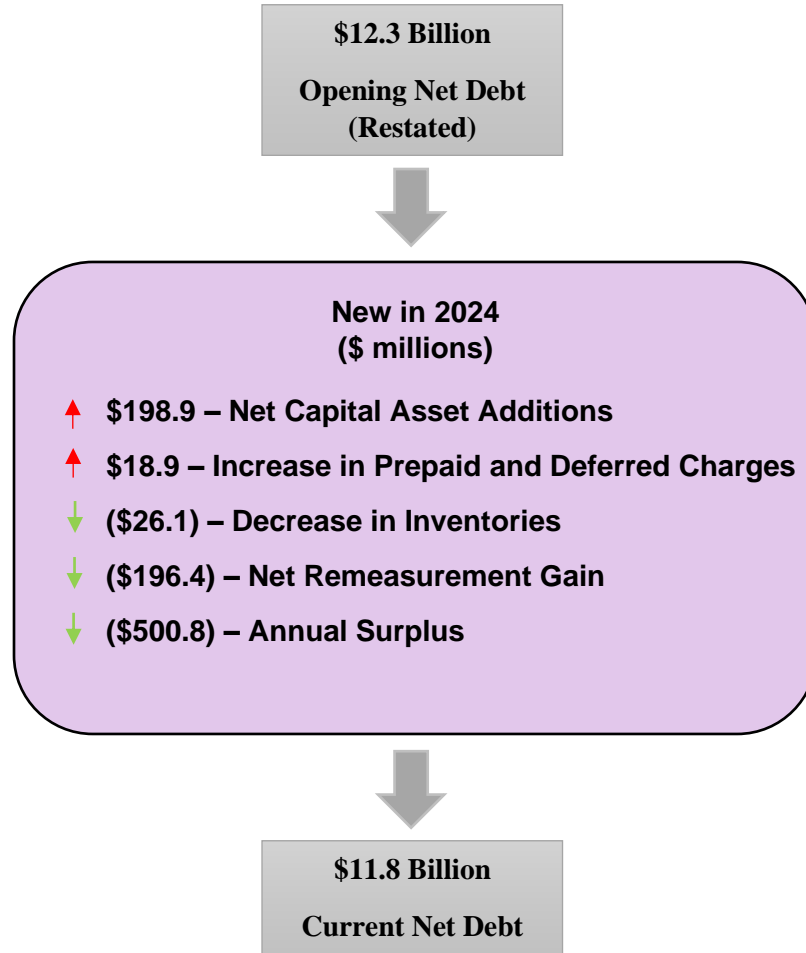
*Exhibit 2.7 - Ten-Year History of Net Debt*



*Source: Prepared by AGNB based on applicable year's Public Accounts with restatements where identified in Public Accounts*

**2.12** Factors contributing to the change in net debt from prior year are noted in Exhibit 2.8.

*Exhibit 2.8 - Year-Over-Year Change in Net Debt*

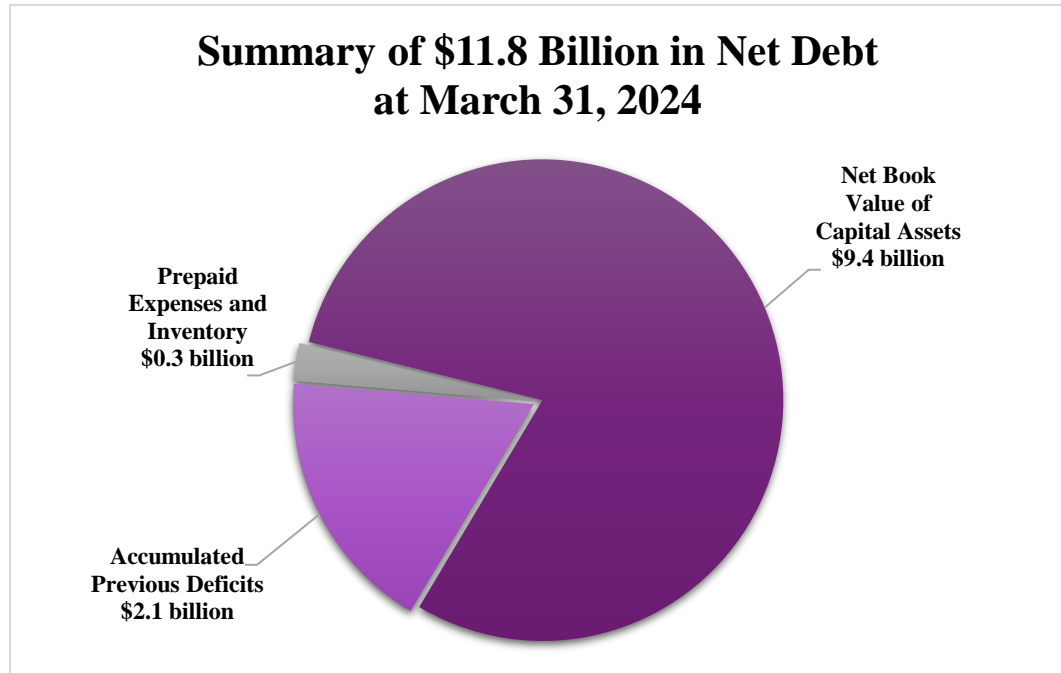


*Source: Prepared by AGNB using 2024 Public Accounts*

## What Makes Up the \$11.8 Billion in Net Debt?

**2.13** See Exhibit 2.9 for the net debt composition for fiscal year ended 2024.

*Exhibit 2.9 - Summary of \$11.8 Billion in Net Debt at March 31, 2024*



*Source: Prepared by AGNB using 2024 Public Accounts*

**2.14** Tangible capital assets (capital assets) account for 80% of the net debt. Each year, the capital asset balance changes due to additions, disposals and amortization. The most significant capital assets are:

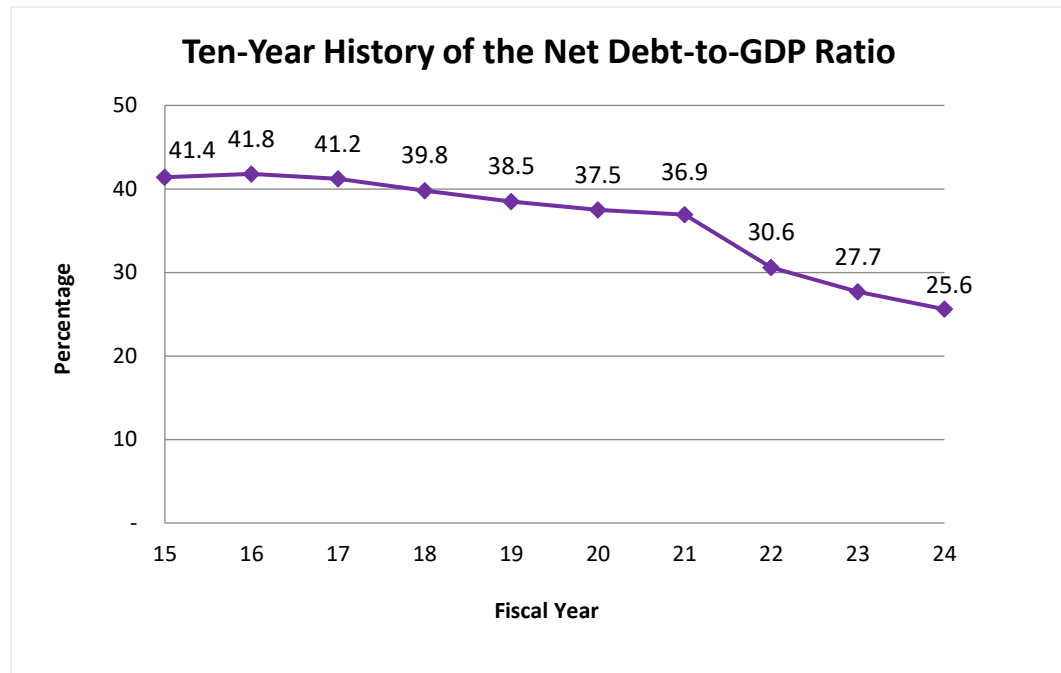
- roads, bridges and highways
- schools
- hospitals
- nursing homes
- other buildings owned by the Province

## New Brunswick's Net Debt-to-GDP Ratio

**2.15** The net debt-to-gross domestic product (GDP)<sup>1</sup> ratio has become an important sustainability indicator for governments as it shows the relationship between net debt and the activity in the economy. The Province includes an analysis of this ratio in its annual Financial Statement Discussion and Analysis.

**2.16** Exhibit 2.10 shows the ten-year history of the Net Debt-to-GDP ratio.

*Exhibit 2.10 - Ten-Year History of the Net Debt-to-GDP Ratio*



*Source: Prepared by AGNB based on applicable year's Public Accounts with restatements where identified in Public Accounts*

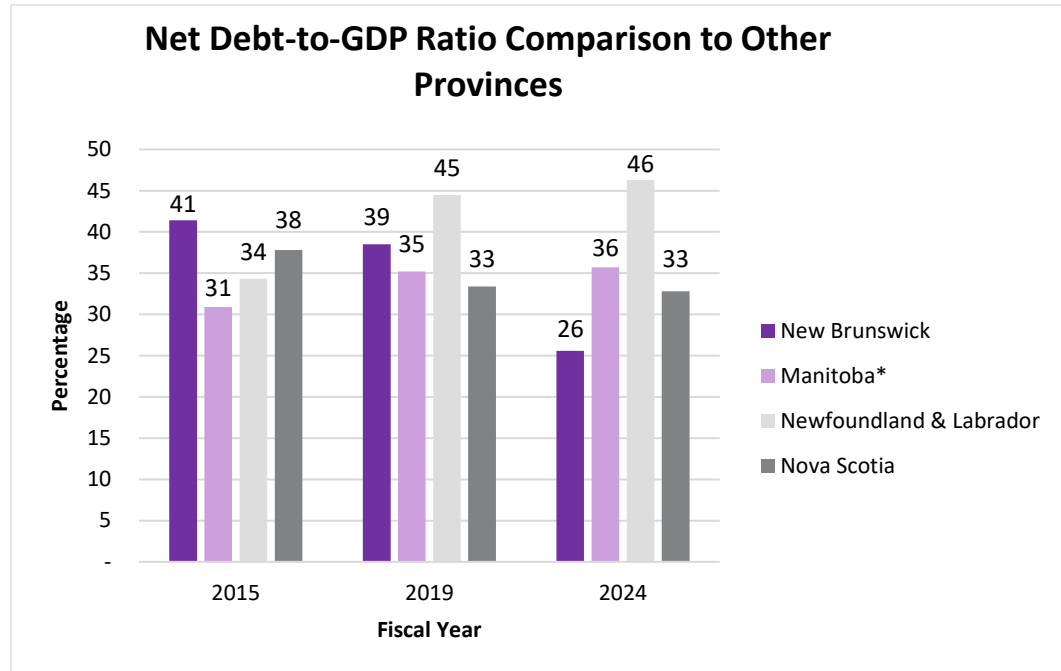
**2.17** Net debt-to-GDP has consistently decreased since 2016 and is the lowest it has been in the past ten years. This indicates the growth of GDP continues to exceed the growth in net debt.

<sup>1</sup> Gross Domestic Product (GDP) measures the value of all final goods and services produced in an economy in a given period of time.

## How Does New Brunswick's Net Debt-to-GDP Ratio Compare to Other Provinces?

**2.18** Exhibit 2.11 below shows New Brunswick's net debt-to-GDP ratio relative to other comparable provinces. For fiscal year ended 2024, New Brunswick had the lowest net debt-to-GDP ratio.

*Exhibit 2.11 - Net Debt-to-GDP Ratio Comparison to Other Provinces*



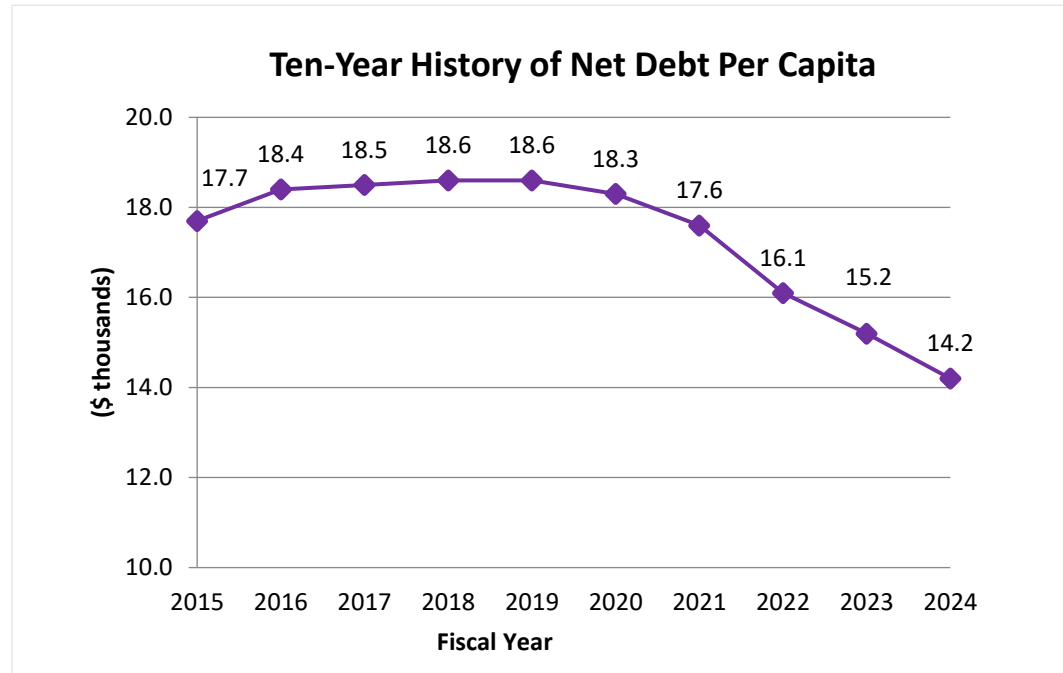
Source: Prepared by AGNB as restated where available

\*2024 Public Accounts information used for Manitoba contained a qualified Independent Auditor's Report

## New Brunswick's Net Debt per Capita

- 2.19** Another way to assess the significance of the size of New Brunswick's net debt is to compare it to population size, also known as net debt per capita.
- 2.20** New Brunswick's net debt per capita hit a high of \$18,600 in 2018 and 2019 but has since decreased to \$14,200 in 2024. Exhibit 2.12 shows the ten-year history of net debt per capita, showing a continual improvement since 2019.

*Exhibit 2.12 - Ten-Year History of Net Debt Per Capita*

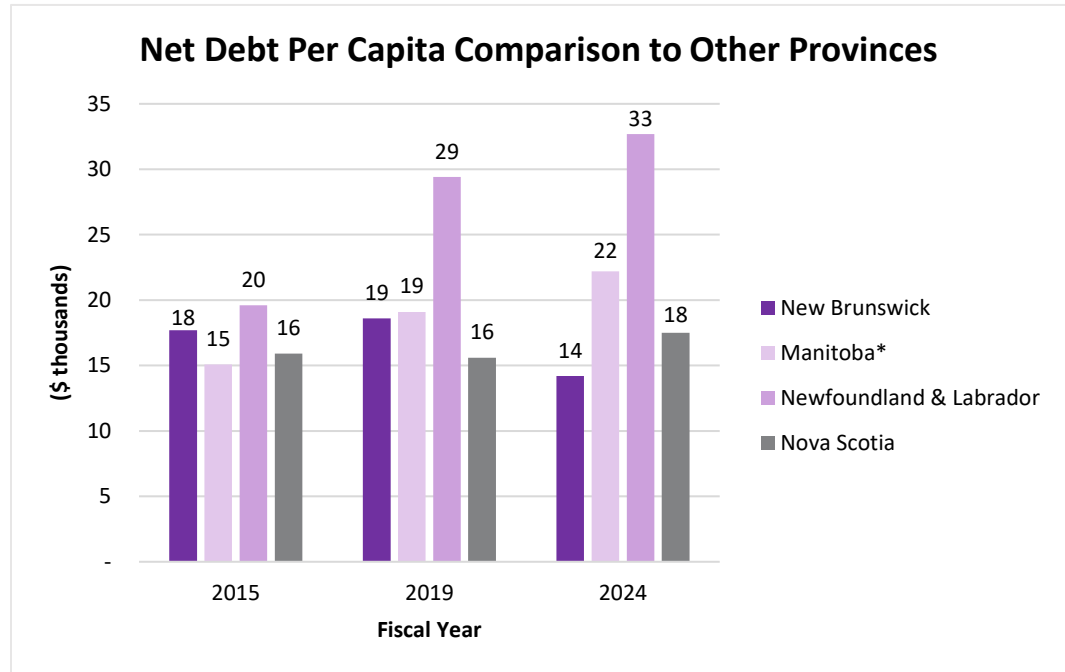


*Source: Prepared by AGNB based on applicable year's Public Accounts with restatements where applicable*

## How Does New Brunswick's Net Debt per Capita Compare to Other Provinces?

**2.21** Exhibit 2.13 below shows New Brunswick's net debt per capita relative to other comparative provinces. For fiscal year ended 2024, New Brunswick had the lowest ratio.

*Exhibit 2.13 - Net Debt Per Capita Comparison to Other Provinces*



Source: Prepared by AGNB as restated where available

\*2024 Public Accounts information used for Manitoba contained a qualified Independent Auditor's Report

## Is New Brunswick Meeting its Targets?

### Debt reduction targets

- 2.22** Exhibit 2.14 details the provincial established net debt reduction targets for the past five years. New Brunswick has met or exceeded its established targets for four of the past five years.

*Exhibit 2.14 - Five-Year History of Net Debt Reduction Targets Compared to Actual (as restated where applicable)*

(\$ millions)					
Fiscal Year					
	2020	2021	2022	2023	2024
Target (Increase) Decrease	49	129	(241)	(15)	(183)
Actual (Increase) Decrease	33	475	1,091	363	505
<b>Difference</b>	(16) (Actual Decrease Lower than Projected)	346 (Actual Decrease Higher than Projected)	1,332 (Actual Decrease when an Increase was Projected)	378 (Actual Decrease when an Increase was Projected)	688 (Actual Decrease when an Increase was Projected)
<b>Target Met or Exceeded?</b>	<b>No</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>

*Source: Prepared by AGNB based on applicable year's Budgets and Public Accounts with restatements where applicable*



## Net debt-to-GDP targets

- 2.23** Exhibit 2.15 details the provincial established net debt-to-GDP targets for the past five years. New Brunswick has met or exceeded its established targets for two of the past five years.

*Exhibit 2.15 - Five-Year History of Net Debt-to-GDP Targets Compared to Actual  
(as originally recorded)*

Fiscal Year					
	2020	2021	2022	2023	2024
Target	37.0%	34.7%	36.4%	30.1%	24.9%
Actual*	37.5%	36.9%	30.6%	27.7%	25.6%
Difference	0.5% (Actual Ratio Higher than Projected)	2.2% (Actual Ratio Higher than Projected)	(5.8)% (Actual Ratio Lower than Projected)	(2.4)% (Actual Ratio Lower than Projected)	0.7% (Actual Ratio Higher than Projected)
Target Met or Exceeded?	No	No	Yes	Yes	No

Source: Prepared by AGNB based on applicable year's Budgets and Public Accounts with restatements where applicable

\* A Net Debt-to-GDP percentage that is decreasing indicates a positive trend as the growth in GDP exceeds the growth of net debt

## Multi-year targets

- 2.24** We are pleased to see the Province continues to set multi-year net debt targets and net debt-to-GDP targets. The multi-year targets announced in the Province's 2024-2025 Main Estimates are presented in Exhibit 2.16.

*Exhibit 2.16 - Province's Net Debt Reduction Targets*

	2025 Budget	2026 Plan	2027 Plan
Annual (Increase) Decrease in Net Debt (\$ millions)	(315)	(241)	(270)
Net Debt-to-GDP Ratio	26.7%	26.0%	25.6%

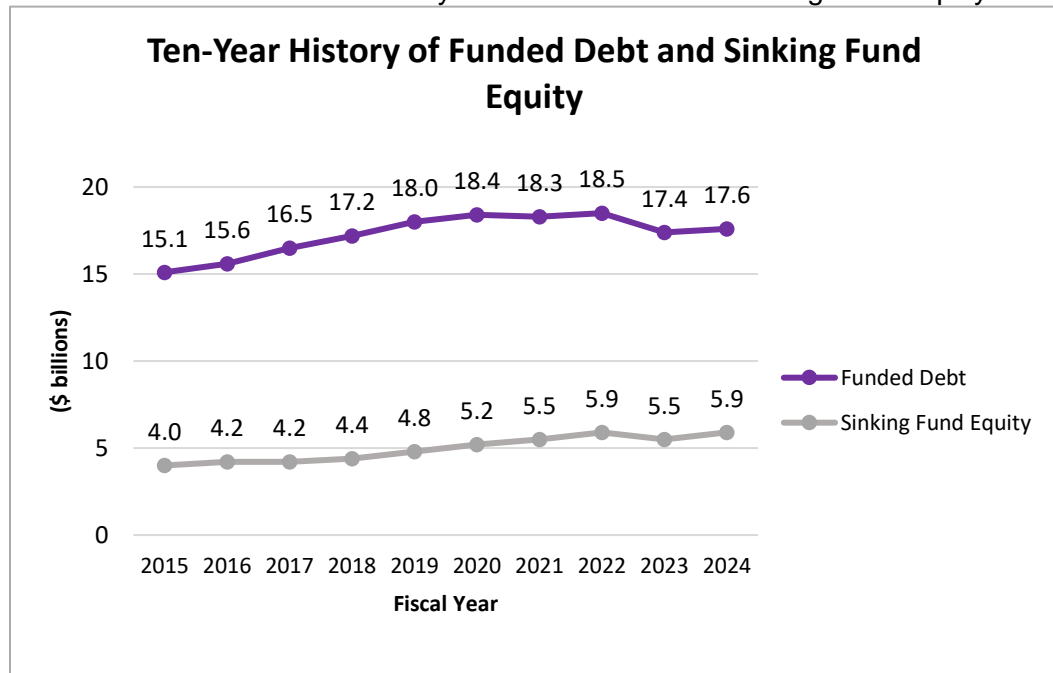
Source: <https://www2.gnb.ca/content/dam/gnb/Departments/fin/pdf/Budget/2024-2025/speech-2024-2025.pdf>

## Funded Debt

### \$17.6 Billion in Funded Debt

- 2.25** This year, funded debt was \$17.6 billion which is a slight increase from the \$17.4 billion in 2023.
- 2.26** To assist with future repayments of provincial debt, the Province maintains a sinking fund. The *Provincial Loans Act* mandates that on or before the anniversary date of each issue of funded debt, not less than 1% of the outstanding principal amount of the issue shall be paid into the sinking fund. At March 31, 2024, the market value of the Province's sinking fund equity was approximately \$5.9 billion.
- 2.27** Exhibit 2.17 shows the ten-year history of the Province's funded debt and sinking fund equity.

Exhibit 2.17 - Ten-Year History of Funded Debt and Sinking Fund Equity



Source: Prepared by AGNB based on applicable year's Public Accounts with restatements where identified in Public Accounts

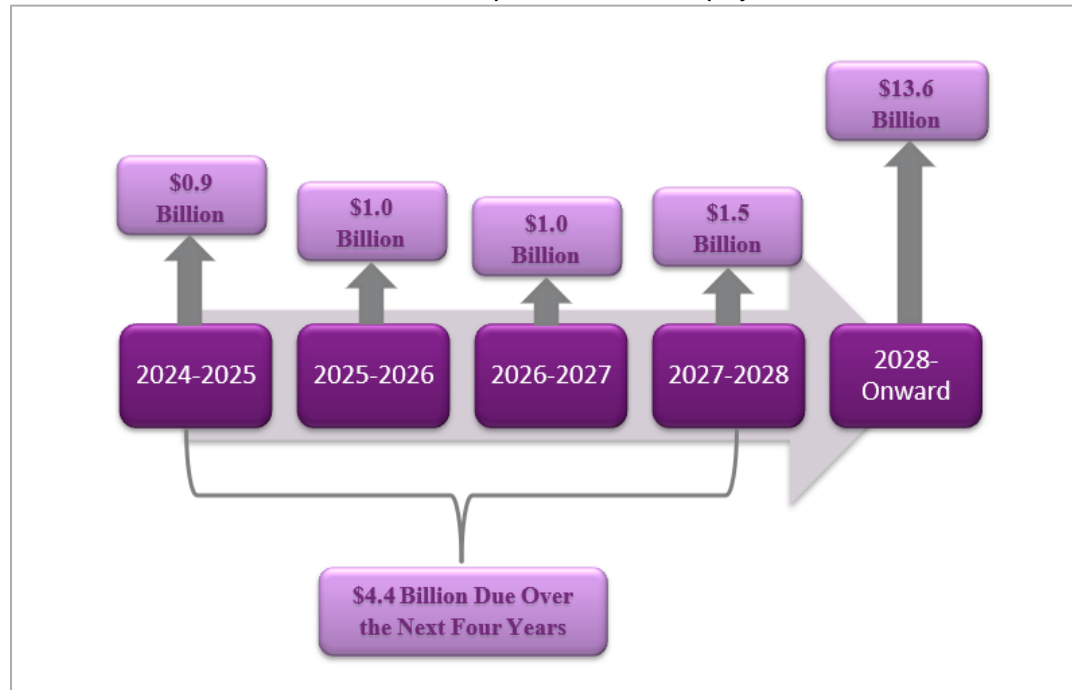
- 2.28** As noted above, funded debt is significantly more than the equity in the sinking fund. Additional cash outlays of approximately \$12 billion will be needed in the future to repay the total funded debt.

**2.29** Over the next four years, approximately \$4.4 billion in funded debt is due to be repaid. The Province may either use monies in the consolidated fund or re-finance it. Some examples of debt activity in 2024 include:

- \$1.4 billion (CAD) was repaid
- \$1.8 billion (CAD) of new debt was issued

**2.30** Future cash requirements to repay debt in the next four years and beyond are outlined in Exhibit 2.18.

*Exhibit 2.18 - Future Cash Requirements to Repay Funded Debt*



Source: Prepared by AGNB based on 2024 Public Accounts

## Interest Costs

**2.31** In the fiscal year ended 2024, the service cost of this debt (excluding NB Power), was \$537 million. This is an annual cost and does not reduce the principal amount outstanding.

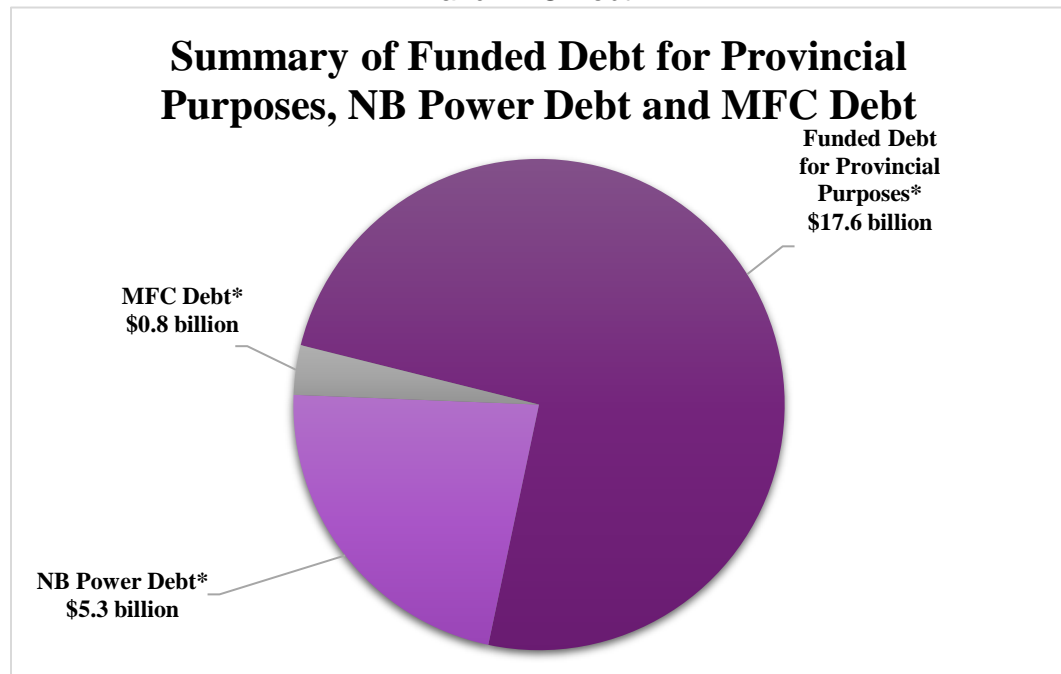
## Provincial Debt

**2.32** The amount recorded as provincial debt (\$17.6 billion) does not include:

- \$5.3 billion in NB Power debt
- \$773.4 million in New Brunswick Municipal Finance Corporation (MFC) guaranteed debt

**2.33** Exhibit 2.19 below details nearly \$24 billion in debt owed ultimately by the Province.

*Exhibit 2.19 - Summary of Funded Debt for Provincial Purposes, NB Power Debt and MFC Debt*



Source: Prepared by AGNB

\*Funded Debt for Provincial Purposes and NB Power debt are as at March 31, 2024

\*\* MFC Debt as at December 31, 2023





December 2024

# State of New Brunswick's Financial Condition

Volume III – Chapter 3  
2024 AGNB Annual Report



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# 2024 Volume III

## Chapter 3 Highlights

<u>Sustainability</u>	<u>Flexibility</u>	<u>Vulnerability</u>
5/7 short-term favourable trends	1/3 short-term favourable trends	1/2 short-term favourable trends
3/7 long-term favourable trends	1/3 long-term favourable trends	1/2 long-term favourable trends
Overall, the Province's financial condition has remained stable since 2023		

## The Province's Financial Condition

### Financial Indicators

**3.1** The Province's financial condition has remained stable since 2023. We analyzed twelve financial indicators, as issued by the Public Sector Accounting Board (PSAB). For the purpose of our analysis, we have defined trends as follows:

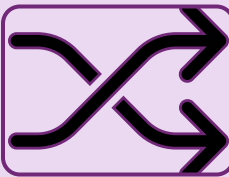
- short term – the most recent two years
- long term – over a ten-year period

**3.2** See Exhibit 3.1 for a complete summary of all financial indicators.



#### **Sustainability**

Sustainability indicates if the Province can maintain its current level of spending and meet debt obligations without increasing taxes or funded debt.



#### **Flexibility**

Flexibility is the degree to which the Province can react to unexpected or increased expenses, either by increasing taxes or increasing funded debt.



#### **Vulnerability**

Vulnerability is the degree to which the Province is dependent on sources of funding outside its control or influence.

Exhibit 3.1 - Summary of Financial Indicators

	Indicator	Purpose	Short-Term Trend	Long-Term Trend
Sustainability	Assets-to-liabilities	Measures extent that government finances its operations by issuing debt	Favourable	Unfavourable
	Financial assets-to-liabilities	Measures whether future revenues will be needed to pay for past transactions	Favourable	Unfavourable
	Net debt-to-total annual revenue	Shows whether more time is needed to pay for past transactions	Favourable	Favourable
	Expense by function-to-total expenses	Shows the trend of government spending over time	Neutral	Neutral
	Net debt-to-GDP	Shows the relationship between net debt and the activity in the economy	Favourable	Favourable
	Accumulated deficit-to-GDP	Measures the sum of the current and all prior year operating results relative to the growth in the economy	Favourable	Favourable
	Total expenses-to-GDP	Shows the trend of government spending over time in relation to the growth in the economy	Unfavourable	Neutral
Flexibility	Debt charges-to-revenues	Measures extent that past borrowing decisions limit ability to meet current financial and service commitments	Favourable	Favourable
	Net book value of capital assets-to-cost of capital assets	Measures the estimated useful lives of tangible capital assets available to provide products/services	Unfavourable	Unfavourable
	Own source revenues-to-GDP	Measures extent income is taken out of the economy	Neutral	Neutral
Vulnerability	Government transfers-to-total revenue	Measures the dependence on another level of government	Neutral	Neutral
	Foreign currency debt-to-net debt	Measures the government's potential vulnerability to currency fluctuations	Favourable	Favourable

Source: Prepared by AGNB

## Sustainability Indicators

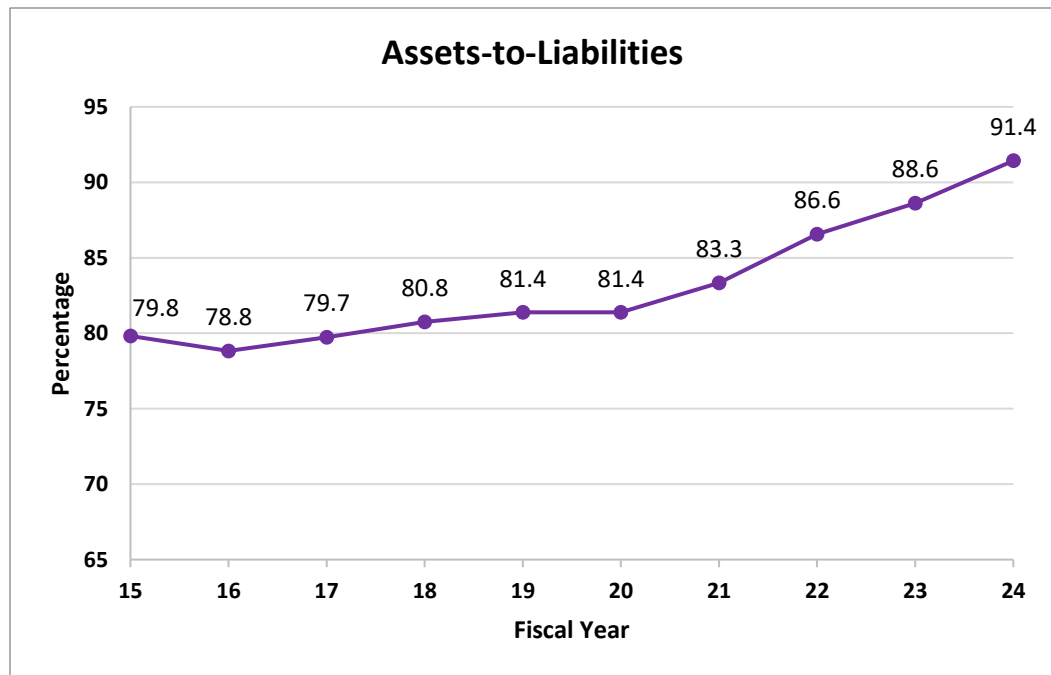
### Assets-to-Liabilities

**3.3** Assets-to-liabilities measures the extent government finances its operations by issuing debt. A percentage:

- below 100% indicates an unfavourable trend as the Province has more liabilities than it has assets
- that increases year over year indicates a favourable trend in the short-term

**3.4** See Exhibit 3.2 below for assets-to-liabilities results from 2015-2024.

*Exhibit 3.2 - Assets-to-Liabilities*



Source: Prepared by AGNB, based on applicable years Public Accounts data with restatements where identified in Public Accounts.

**3.5** The assets-to-liabilities ratio has remained below 100% for the past ten years. It has, however, increased during the past 4 years. We have assessed trends as:

- long term – unfavourable
- short term – favourable

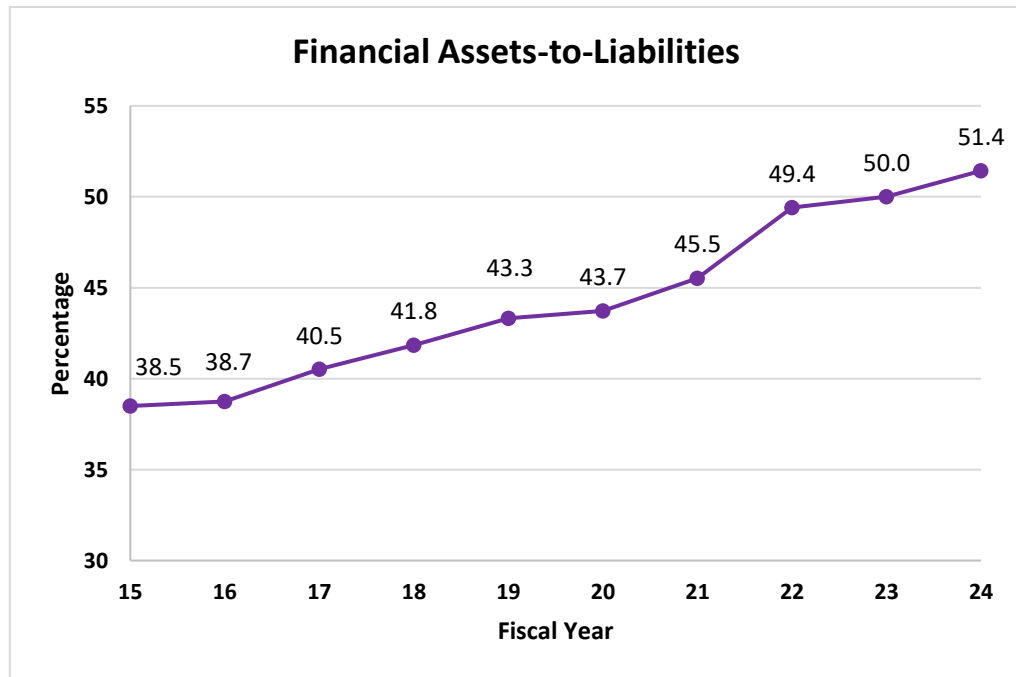
## Financial Assets-to-Liabilities

**3.6** Financial assets-to-liabilities measures the extent future revenues will be needed to pay for past transactions. Percentages that are:

- less than 100% is an unfavourable trend as it implies that future surpluses will be required to pay for past transactions
- increasing year over year is a favourable trend in the short-term

**3.7** See Exhibit 3.3 below for financial assets-to-liabilities results from 2015-2024.

*Exhibit 3.3 - Financial Assets-to-Liabilities*



*Source: Prepared by AGNB based on applicable years Public Accounts data with restatements where identified in Public Accounts.*

**3.8** The financial assets-to-liabilities ratio has remained below 100% for the past ten years. However, the percentage has consistently increased since 2015. We have assessed trends as:

- long term – unfavourable
- short term – favourable

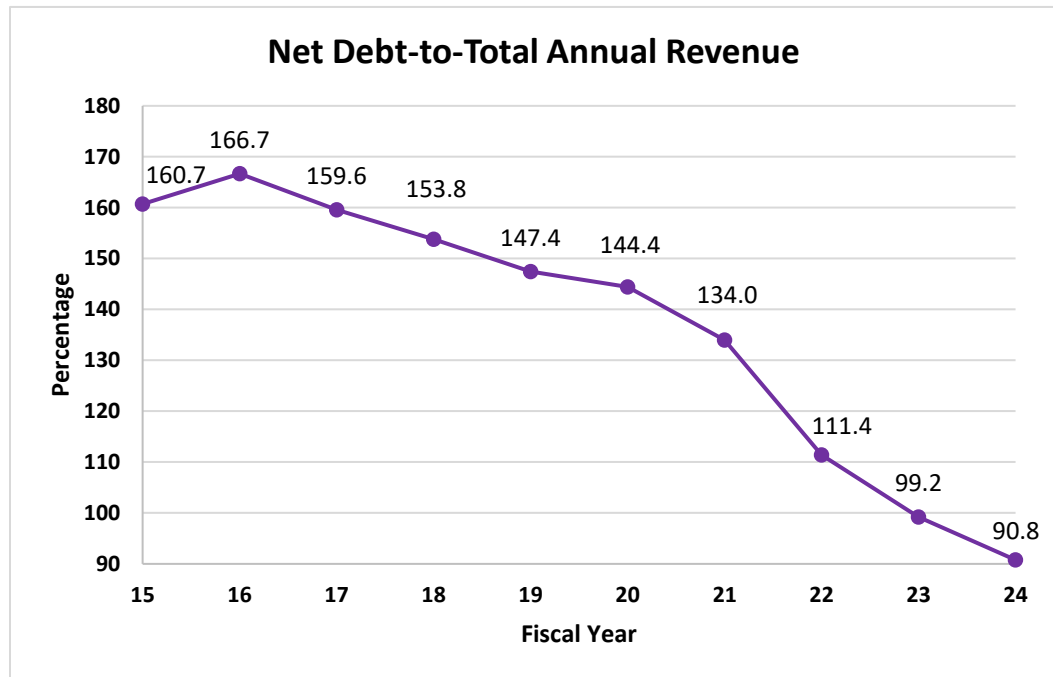
## Net Debt-to-Total Annual Revenue

**3.9** Net debt-to-total annual revenue shows if more time is needed to pay for past transactions. A percentage that is:

- decreasing indicates a positive trend as the Province will require less time to eliminate the net debt
- increasing indicates a negative trend as the Province will require more time to eliminate the net debt

**3.10** See Exhibit 3.4 below for net debt-to-total annual revenue from 2015-2024.

*Exhibit 3.4 - Net Debt-to-Total Annual Revenue*



*Source: Prepared by AGNB based on applicable years Public Accounts data with restatements where identified in Public Accounts.*

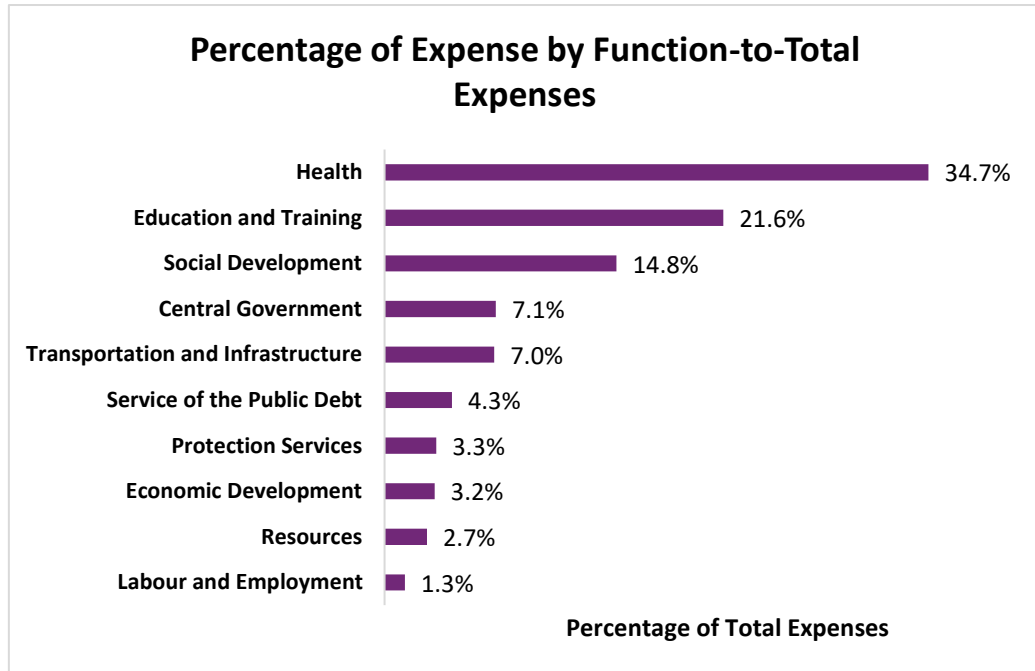
**3.11** Net debt-to-total annual revenue has been consistently decreasing since 2016. We have assessed trends as:

- long term – favourable
- short term – favourable

## Expense by Function-to-Total Expenses

- 3.12** Expense by function-to-total expenses shows the trend of government spending over time. If the cost to servicing debt increases, there is less funding available to deliver services.
- 3.13** See Exhibit 3.5 below for percentage of expense by function-to-total expenses for fiscal year ended March 31, 2024.

*Exhibit 3.5 - Percentage of Expense by Function-to-Total Expenses at March 31, 2024*

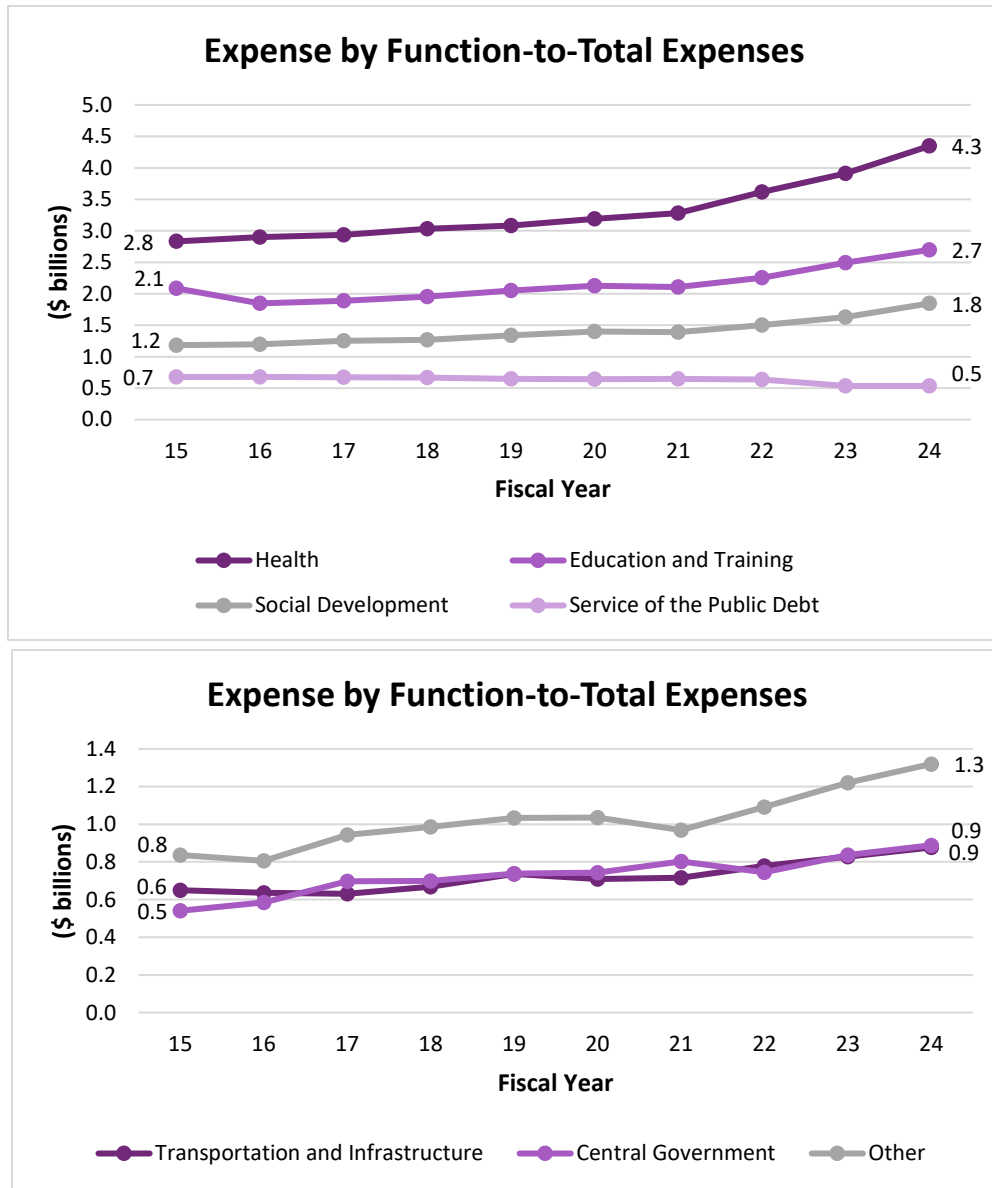


*Source: Prepared by AGNB based on Public Accounts 2024.*

- 3.14** The following exhibit details expense by function-to-total expenses for 2015-2024:
- Health, Education and Training, Social Development, Service of the Public Debt
  - Transportation and Infrastructure, Central Government, Other



Exhibit 3.6 - Expense by Function-to-Total Expenses



Source: Prepared by AGNB based on applicable years Public Accounts data with restatements where identified in Public Accounts.

Other: Includes Economic Development, Labour and Employment, Protection Services, Resources, and Loss from Restructuring

**3.15** There has been little change in expense allocation during the past nine years, with the exception of Health which has increased in the short term. We have assessed overall trends as:

- long term – neutral
- short term – neutral

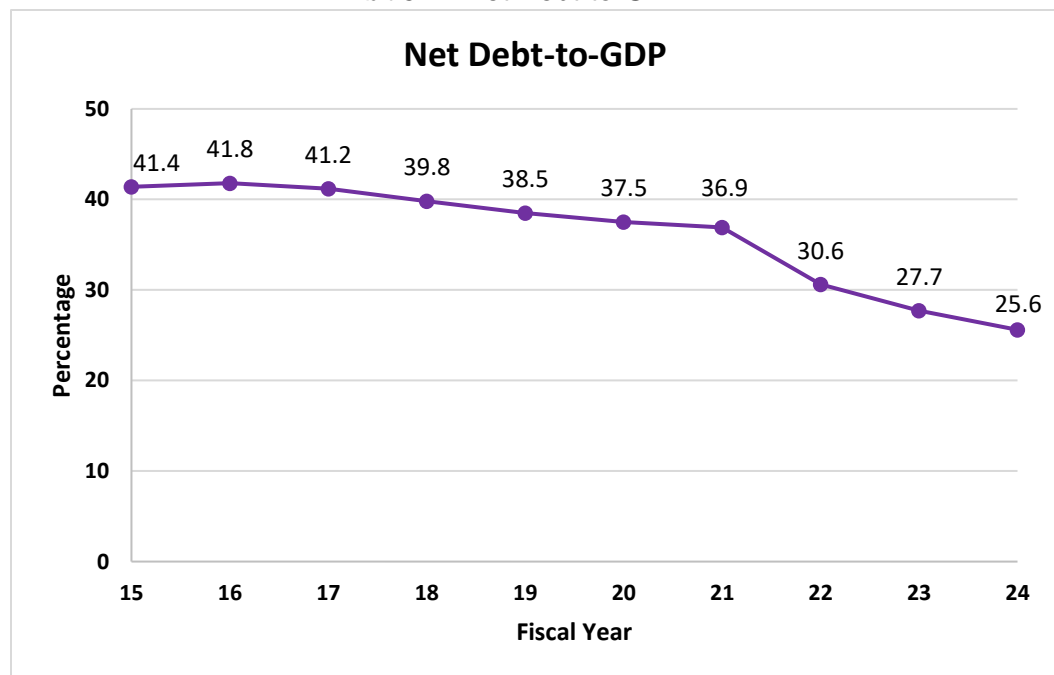
## Net Debt-to-GDP

**3.16** Net debt-to-GDP shows the relationship between net debt and the activity in the economy. A percentage that is:

- decreasing indicates a positive trend as the growth of GDP exceeds the growth in net debt
- increasing would be negative, as it indicates the growth in net debt exceeds that of GDP

**3.17** See Exhibit 3.7 below for net debt-to-GDP results from 2015-2024.

Exhibit 3.7 - Net Debt-to-GDP



Source: Prepared by AGNB based on applicable years Public Accounts data with restatements where identified in Public Accounts.

**3.18** Net debt-to-GDP has consistently decreased since 2016. We have assessed trends as:

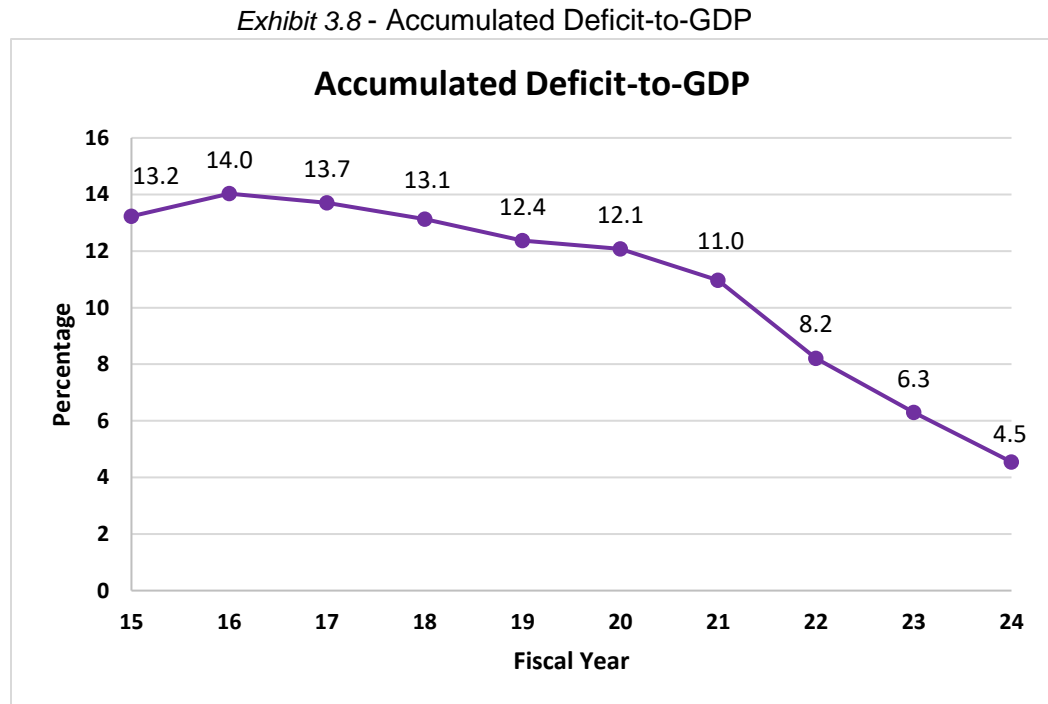
- long term – favourable
- short term – favourable

## Accumulated Deficit-to-GDP

**3.19** Accumulated deficit-to-GDP shows the trend of government spending over time in relation to the growth in the economy. The accumulated deficit is the extent to which current and past annual revenues have been insufficient to cover the current and past annual costs of providing services. An accumulated deficit-to-GDP percentage that is:

- decreasing indicates a positive trend as the growth of GDP is outpacing the growth in the accumulated deficit
- increasing indicates a negative trend as the accumulated deficit is outpacing the growth of GDP

**3.20** See Exhibit 3.8 below for accumulated deficit-to-GDP results from 2015-2024.



*Source: Prepared by AGNB based on applicable years Public Accounts data with restatements where identified in Public Accounts.*

**3.21** Accumulated deficit-to-GDP has consistently decreased since 2016. We have assessed trends as:

- long term – favourable
- short term – favourable

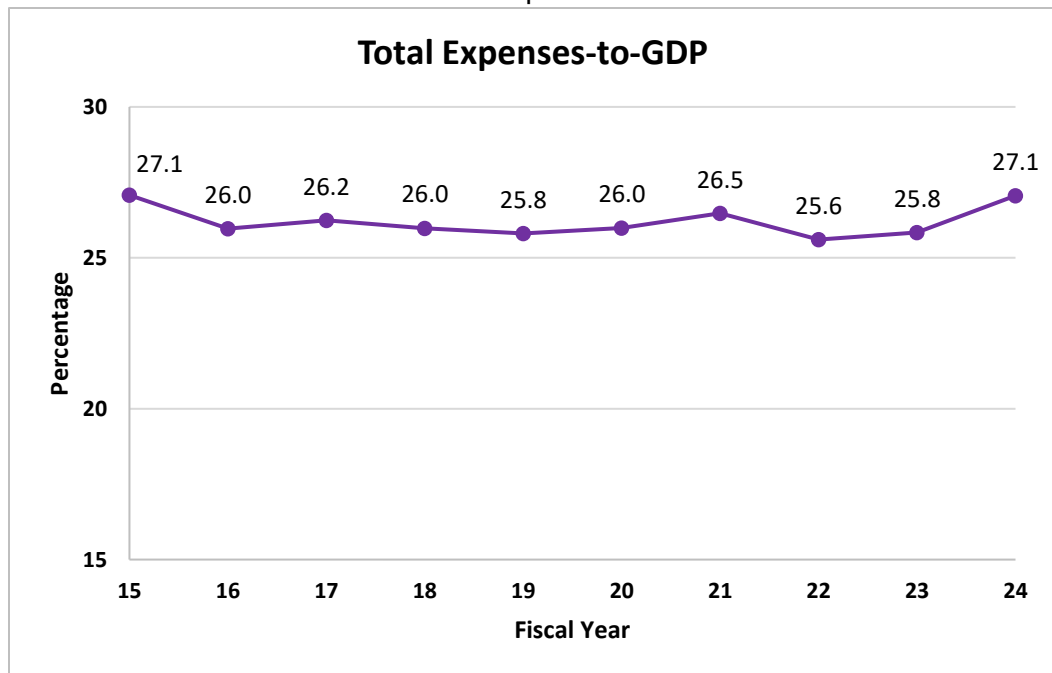
## Total Expenses-to-GDP

**3.22** Total expenses-to-GDP shows the trend of government spending over time in relation to the growth in the economy. A percentage that is:

- increasing indicates a negative trend as the government expenses continue to grow faster than the economy
- decreasing indicates a positive trend as the economy continues to grow faster than government expenses

**3.23** See Exhibit 3.9 below for total expenses-to-GDP results from 2015-2024.

*Exhibit 3.9 - Total Expenses-to-GDP*



*Source: Prepared by AGNB based on applicable years Public Accounts data with restatements where identified in Public Accounts.*

**3.24** There has been little change during the past nine years. We have assessed trends as:

- long term – neutral
- short term – unfavourable

## Flexibility Indicators

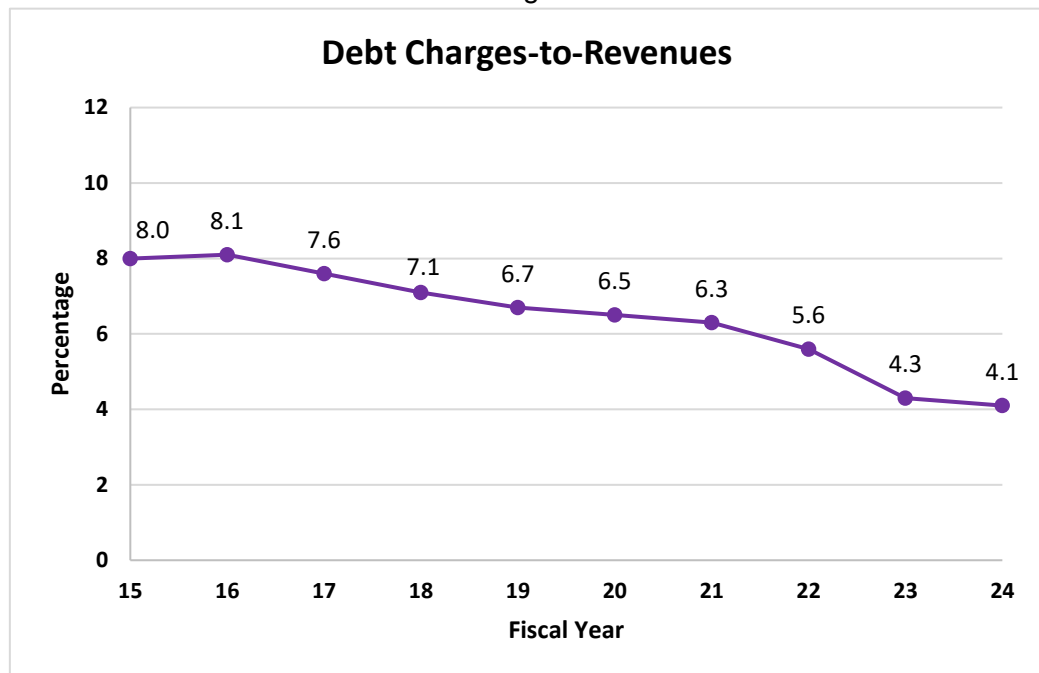
### Debt Charges-to-Revenues

**3.25** Debt charges-to-revenues measures the extent that past borrowing decisions limit ability to meet current financial and service commitments. A percentage that is:

- decreasing indicates a favourable trend, as proportionately less revenue is needed to service the funded debt
- increasing indicates an unfavourable trend, as proportionately more revenue is needed to service the funded debt

**3.26** See Exhibit 3.10 below for debt charges-to-revenues from 2015-2024.

Exhibit 3.10 - Debt Charges-to-Revenues



Source: Prepared by AGNB based on applicable years Public Accounts data with restatements where identified in Public Accounts.

**3.27** Debt charges-to-revenues has consistently decreased in the past eight years. We have assessed trends as:

- long term – favourable
- short term – favourable

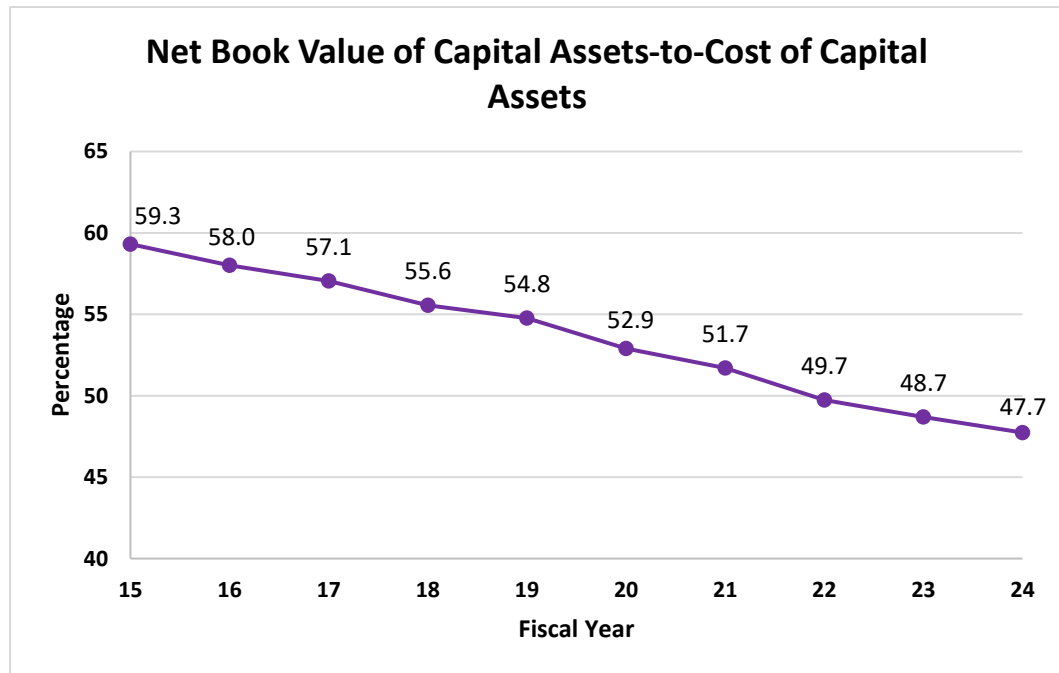
## Net Book Value of Capital Assets-to-Cost of Capital Assets

**3.28** Net book value of capital assets-to-cost of capital assets measures the estimated useful lives of tangible capital assets available to provide products/services. A percentage that is:

- decreasing indicates a negative trend as assets are depreciating (being used) at a faster rate than they are being replaced
- increasing indicates a positive trend as assets are being replaced at a faster rate than they are depreciating (being used)

**3.29** See Exhibit 3.11 below for net book value of capital assets-to-cost of capital assets from 2015-2024.

*Exhibit 3.11 - Net Book Value of Capital Assets-to-Cost of Capital Assets*



*Source: Prepared by AGNB based on applicable years Public Accounts data with restatements where identified in Public Accounts.*

**3.30** Net book value of capital assets-to-cost of capital assets has consistently decreased since 2015. We have assessed trends as:

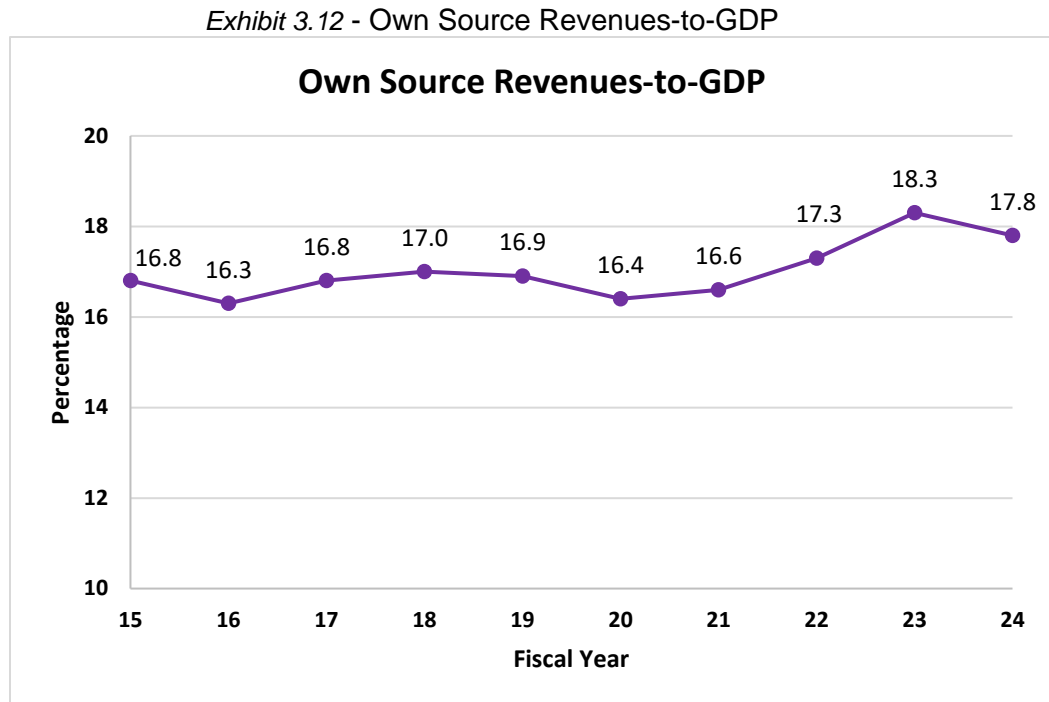
- long term – unfavourable
- short term – unfavourable

## Own Source Revenues-to-GDP

**3.31** Own source revenues-to-GDP measures the extent income is taken out of the economy. A percentage that is:

- increasing indicates a negative trend as it makes the Province less flexible in how it can generate revenue
- decreasing indicates a positive trend as it makes the Province more flexible in how it can generate revenue

**3.32** See Exhibit 3.12 below for own source revenues-to-GDP for 2015-2024.



*Source: Prepared by AGNB based on applicable years Public Accounts data with restatements where identified in Public Accounts.*

**3.33** Own source revenues-to-GDP has remained relatively stable since 2015. We have assessed trends as:

- long term – neutral
- short term – neutral

## Vulnerability Indicators

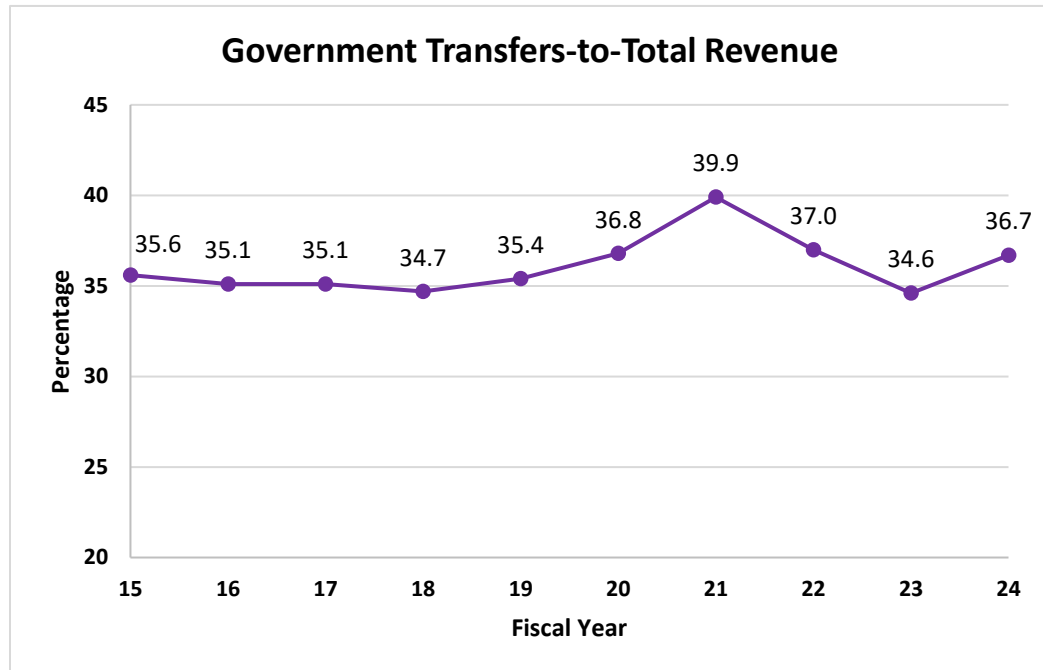
### Government Transfers-to-Total Revenue

**3.34** Government transfers-to-total revenue measures the dependence on another level of government. A percentage that is:

- decreasing indicates a positive trend as the Province is less dependent on government transfers for revenue
- increasing indicates a negative trend as the Province is more dependent on government transfers for revenue

**3.35** See Exhibit 3.13 below for government transfers-to-total revenue for 2015-2024.

*Exhibit 3.13 - Government Transfers-to-Total Revenue*



*Source: Prepared by AGNB based on applicable years Public Accounts data with restatements where identified in Public Accounts.*

**3.36** Government transfers-to-total revenue has remained relatively stable over the past ten years. There was a noted increase in government transfers in 2021, due to COVID funding. When removed from the analysis as an extraordinary item, we have assessed trends as:

- long term – neutral
- short term – neutral



## Foreign Currency Debt-to-Net Debt

**3.37** Foreign currency debt-to-net debt measures government's potential vulnerability to currency fluctuations. As the Province has hedged 100% of its foreign currency, we have assessed trends as:

- long term – favourable
- short term – favourable



December 2024

# Results – Audit of the Province of New Brunswick's Financial Statements

Volume III – Chapter 4  
2024 AGNB Annual Report



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# 2024 Volume III

## Chapter 4 Highlights

**The Auditor General issued an unqualified audit opinion on the consolidated financial statements of the Province of New Brunswick for the year ended March 31, 2024**

**NB Power's ability to self-sustain its operations remains a concern**

**Department of Health is not recovering monies owed from pharmaceutical companies in a timely fashion**

**The Province continues to use IT systems with noted risks**

## Audit of the Province's Financial Statements

### Auditor General Issued Unqualified Audit Opinion

- 4.1** On September 10, 2024, the Auditor General issued an unqualified (“clean”) audit opinion on the consolidated financial statements of the Province of New Brunswick for the year ended March 31, 2024. This opinion indicates the Province’s consolidated financial statements are presented fairly in accordance with Canadian public sector accounting standards.
- 4.2** Our audit work included analysis of:
- major programs and activities in government departments and Crown agencies
  - significant revenue items
  - various expense items
  - internal controls related to preparing the consolidated financial statements
  - internal controls of significant computer systems
- 4.3** Every year, we have findings from our work and make recommendations for improvements to the Office of the Comptroller and government departments.
- 4.4** In this chapter we present significant findings from our work. We did not note any significant fraud or loss of assets during our audit.

## Self-Sustainability of NB Power

### NB Power’s Ability to Self-Sustain its Operations Remains a Concern

- 4.5** We remain concerned with NB Power’s ability to self-sustain its operations and meet its liabilities without support from the government. For the past several years, we have reported our concerns regarding items such as NB Power’s:
- elevated debt levels
  - lack of profitability
  - operating challenges

## Health: 18 Months Behind in Issuing Invoices

### Department of Health: Owed \$97 Million

- 4.6** Under the New Brunswick Prescription Drug Plan Price Listing Agreement, the Department of Health (DOH) invoices pharmaceutical companies each month to recover some of the costs incurred by DOH during the year.
- 4.7** As of March 31, 2024, DOH was 18 months behind in preparing and issuing invoices worth an estimated \$97 million.
- 4.8** While the amounts related to these invoices have been appropriately recorded in the Province's consolidated financial statements, significant delays such as this increase the risk these amounts will not be collected and may also increase the cost of borrowing for the Province.
- 4.9** We made a recommendation to DOH to develop and implement a process to regularly prepare and submit invoices under this agreement.

## Government IT Systems

### Oracle Fusion System

- 4.10** The scope of the Oracle Fusion Enterprise Resource Planning project is extensive and will require multiple years to fully implement. Fiscal 2024 was the third full year the Province used Fusion. The system has several functionalities including:
- payroll and human resource management
  - procurement (purchasing)
  - finance (payments, general ledger, fixed assets, cash management etc.)
- 4.11** Once fully implemented, Fusion will be used by:
- Part I (departments)
  - Part II (school districts)
  - Community Colleges



## Internal Control and Accounting Processes

- 4.12** To address the risks associated with a complex IT system, we performed detailed testing on the Fusion system. Testing procedures were designed to ensure amounts recorded and processed by Fusion are materially complete and accurate.
- 4.13** While we found no issues of a material nature, we noted improvements can be made by ensuring adequate support is obtained for transactions recorded in the general ledger.

## Other IT Systems

- 4.14** In addition to Fusion, we performed work on the following government IT systems:
- Oracle Financials (EBS) - Finance and Treasury Board
  - Teachers' Payroll - Education and Early Childhood Development
  - Employee Payroll (HRIS) - Service New Brunswick
  - IT Infrastructure - Service New Brunswick, Finance and Treasury Board
  - Property Tax - Finance and Treasury Board
  - Property Assessments - Service New Brunswick
- 4.15** We noted recommendations for all IT systems except EBS and Property Tax. Common themes in improvements required related to:
- segregation of duties
  - appropriateness of user access

## IT Systems with Noted Risks

- 4.16** With Fusion being partially implemented, the Province continues to use IT systems with noted risks.
- 4.17** One example is the system used to process teachers' payroll. This system uses a mainframe that is over 20 years old and poses significant risk. While three of the Province's seven school districts migrated to the Fusion system in April 2024, the remaining four districts are scheduled to migrate before March 31, 2026.
- 4.18** We made a recommendation to the Department of Education and Early Childhood Development to continue to monitor and assess the risks associated with using this outdated system.
- 4.19** A second example is the system used to process payroll for most Part I government employees. This is another system that is over 20 years old and as of March 31, 2024 only two government departments had migrated to Fusion.
- 4.20** We will continue to monitor the progress to fully implement Fusion.



December 2024

# Results of Crown Agency Financial Statement Audits

Volume III – Chapter 5  
2024 AGNB Annual Report



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# **2024 Volume III**

## **Chapter 5 Highlights**

**Our Office has completed nine audits of Crown agencies - we issued unqualified “clean” audit opinions for each one**

**We issued recommendations to Crown agencies to improve in the areas of accounting systems and IT, internal control, and accounting processes**

## Audits of Crown Agency Financial Statements

### What We Found

- 5.1** Since our last report in December 2023, we have completed the financial statement audits of nine Crown agencies. As a result of our work, we issued unqualified (“clean”) audit opinions to each Crown agency. In almost every audit, we also have audit findings and recommendations we issue to management and the Board of Directors. Exhibit 5.1 provides a summary of the audits we have completed since our last report.

*Exhibit 5.1 - Summary of Crown Agency Financial Statement Audits Performed Between December 2023 and October 2024*

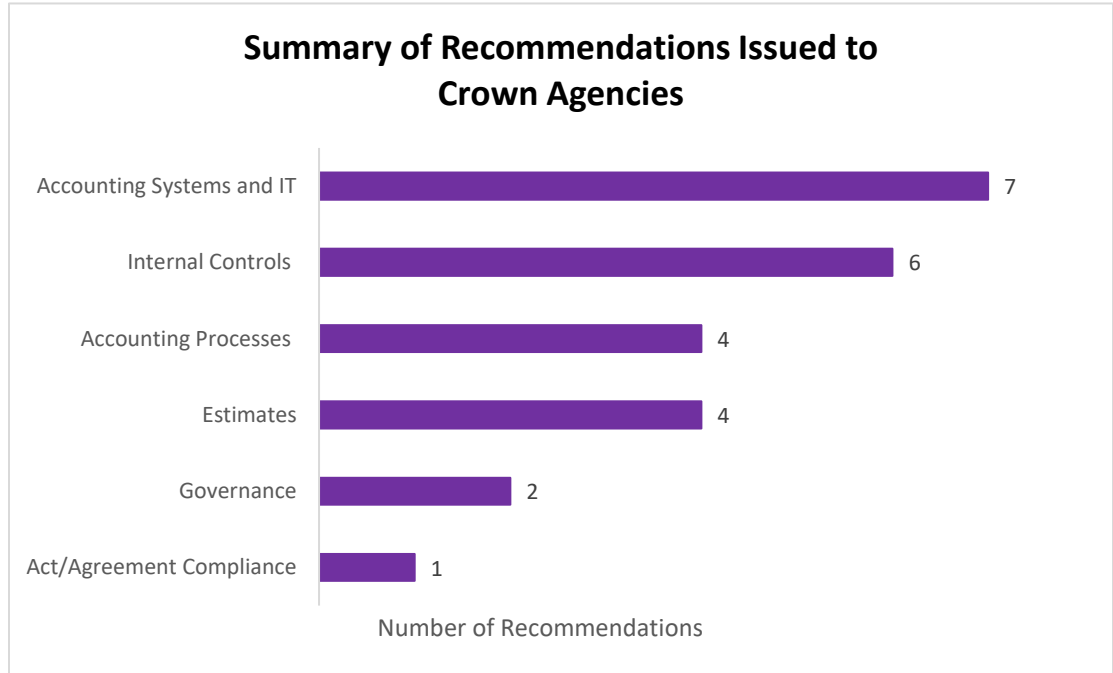
Crown Agency
<b>March 31, 2024 Year End Audits</b>
Opportunities New Brunswick
Service New Brunswick
New Brunswick Legal Aid Services Commission
<b>December 31, 2023 Year End Audits</b>
New Brunswick Municipal Finance Corporation
<b>March 31, 2023 Year End Audits</b>
New Brunswick Highway Corporation
Cannabis Management Corporation
New Brunswick Lotteries and Gaming Corporation
Regional Development Corporation
<b>March 31, 2022 Year End Audits</b>
New Brunswick Highway Corporation

Source: Prepared by AGNB

## Summary of Recommendations

- 5.2** We have issued a total of 24 recommendations to Crown agencies. Exhibit 5.2 summarizes, by theme, areas where we found opportunities for improvements.

*Exhibit 5.2 - Summary of Recommendations Issued to Crown Agencies*



*Source: Prepared by AGNB*

- 5.3** While we did not find evidence of significant fraud or theft, our recommendations show areas for improvements in key areas including accounting systems and IT, internal controls, and accounting processes.
- 5.4** For the most part, Crown agencies accepted our recommendations and have agreed to implement them. We will follow up with Crown agencies next year to determine if areas of concern to us were addressed.