

REPORT OF THE

Auditor General of New Brunswick

Performance Audit

Published by:
Office of the Auditor General
Province of New Brunswick

June 2025

ISBN: 978-1-4605-4333-7 (Bilingual print edition)

ISBN: 978-1-4605-4334-4 (English version online)

ISBN: 978-1-4605-4335-1 (French version online)

ISSN: 0382-1420



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 I of my Office's 2025 Report to the Legislative Assembly.

Respectfully submitted,

Paul Martin, FCPA, FCA
Auditor General

Fredericton, N. B.
June 2025



Table of Contents

Chapter 1: Auditor General’s Comments	1
Chapter 2: Maintenance of Public Housing Units	2
Chapter 3: NB Power’s Early Retirement Program	33
Chapter 4: Legal Aid Service Delivery	51

REPORT OF THE

Auditor General of

New Brunswick

VOLUME I 2025: PERFORMANCE AUDIT

Auditor General's Comments

Our 2025 Volume I report includes three chapters:

- Maintenance of Public Housing Units
- NB Power's Early Retirement Program
- Legal Aid Service Delivery

Maintenance of Public Housing Units

The New Brunswick Housing Corporation is responsible for maintaining 4,630 public housing units distributed throughout the province. We found significant deficiencies in systems and practices relating to maintenance of these units. Key findings include incomplete inspections, untimely repair work, and inadequate budget monitoring. Recommendations were made to improve inspection completion, vacancy turnaround times, and overall maintenance program effectiveness.

NB Power's Early Retirement Program

NB Power is a Crown corporation authorized to sell electricity through the *Electricity Act*. During the 2022-2023 budgeting process, the corporation identified the need for significant savings and Human Resources was tasked to create the early retirement program. We highlighted issues in program design, governance, and implementation. Recommendations were made to improve decision-making processes, ensure compliance with pension regulations, and monitor program outcomes effectively.

Legal Aid Service Delivery

The New Brunswick Legal Aid Services Commission is tasked with providing legal assistance for certain criminal and family matters to low-income individuals. We found that while systems and practices are in place for efficient delivery of legal aid services, improvements are needed in updating financial eligibility criteria, formalizing the financial appeals process, and incorporating cost comparisons in service delivery models. Recommendations were made to ensure timely review of the financial eligibility grid, consistent application of financial appeals, and value for money in service delivery.

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

NEW BRUNSWICK HOUSING
CORPORATION

2025

Maintenance of Public Housing Units

Chapter 2

Volume I: Performance Audit
Independent Assurance Report

Table of Contents

Chapter 2 Highlights	3
About the Audit	5
Background	8
Vacancy KPI Not Met	9
No Monitoring of Inspection Completion	10
Inspections Not Completed as Required by Policy	11
Inconsistent Staffing of Inspectors	15
No Standardized Inspection Form	17
Work Orders Not Addressed in Timely Manner	18
Regular Maintenance Budget Not Based on Need	24
M&I Projects Not Prioritized	25
Budget Not Available to Spending Approvers	25
Appendix I: Recommendations and Responses	27
Appendix II: Audit Objective and Criteria	31
Appendix III: Independent Assurance Report	32

New Brunswick Housing Corporation

MAINTENANCE OF PUBLIC HOUSING UNITS



Chapter 2 Highlights

Inspections not
completed as required

Repair and maintenance
work not timely

Budget not available to
spending approvers

OVERALL CONCLUSION:



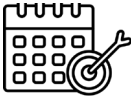


Our audit work concluded that the New Brunswick Housing Corporation does not have adequate systems and practices in place to ensure properties are well-maintained, safe and habitable for tenants on a timely basis.

Results at a Glance

MAINTENANCE OF PUBLIC HOUSING UNITS

Practices do not support effective oversight of public housing maintenance

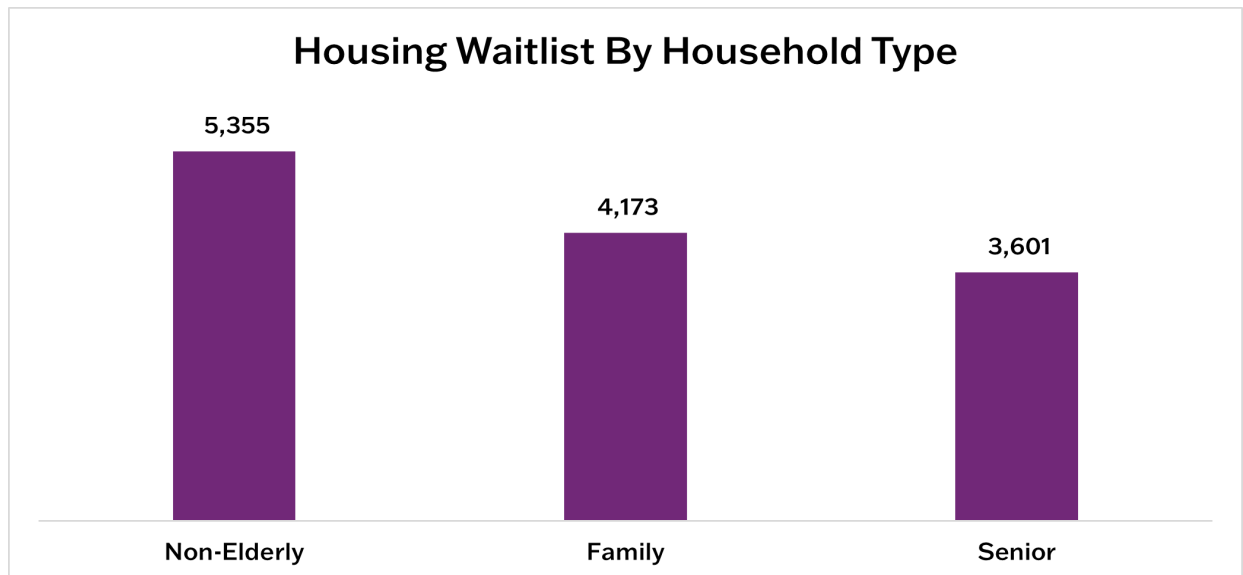


FINDINGS	
	85% of units did not meet annual interior inspection requirements
	71% of repairs requiring completion within 24 hours were not completed on time
	36% of all repair work did not achieve the target time for completion
	Budget was not available to spending approvers
	Operational budget not based on needs

About the Audit

INTRODUCTION TO THE AUDIT

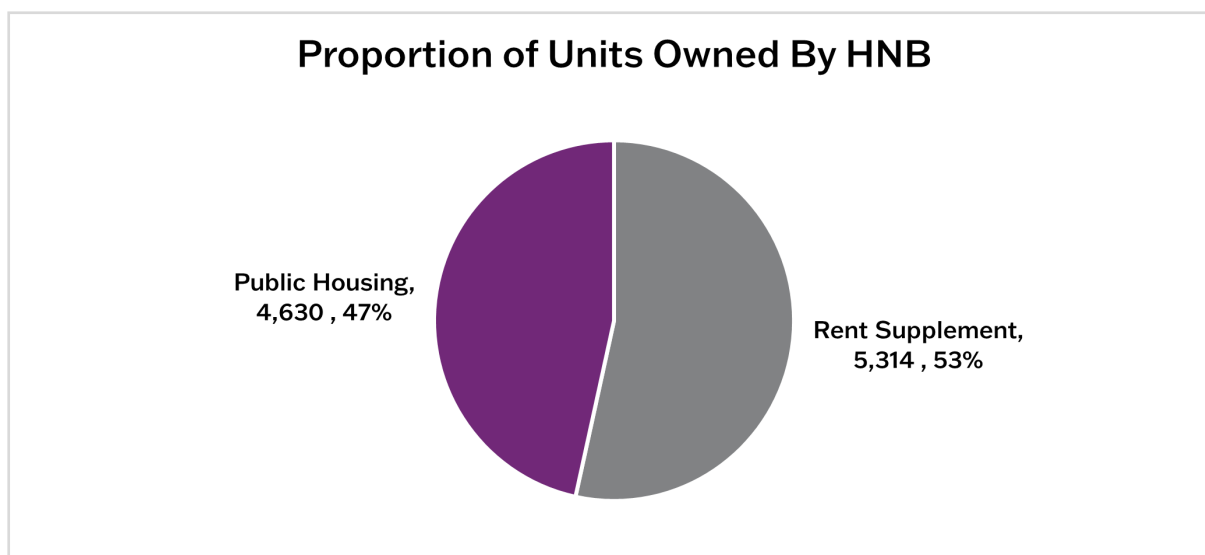
- 2.1** The Public Housing Program aims to provide safe and affordable housing to New Brunswickers. This is one of several programs overseen by the New Brunswick Housing Corporation (HNB) that is designed to provide affordable housing to low income households.
- 2.2** Households or individuals can identify their need and be placed on a waiting list. As of December 31, 2024, the waitlist for placement in subsidized housing had 13,129 households (21,712 individuals) as follows:



Source: Prepared by AGNB based on data from HNB (unaudited)

- 2.3** 6,775 households have been on the waitlist for two years or longer.
- 2.4** The New Brunswick Housing Corporation was formed in 1968. The organization currently manages 47 percent of all affordable housing units. Those under the rent supplement program are operated by private landlords. Rent paid by the tenants under either program is capped at 30 percent of their household income.

2.5 The provincial inventory of housing units is outlined as follows:



Source: Prepared by AGNB based on data from HNB (unaudited)

WHY WE CHOSE THIS TOPIC

- 2.6** The demand for affordable, safe housing is increasing in New Brunswick. It is crucial for the well-being of residents that public housing units offered meet appropriate safety requirements and are made available to those in need on a timely basis.
- 2.7** The New Brunswick Housing Corporation remains the single largest supplier of subsidized housing in New Brunswick.
- 2.8** The program is targeted at low-income individuals, many of whom would be considered vulnerable New Brunswickers.

AUDITEE

- 2.9** Our auditee was the New Brunswick Housing Corporation.

AUDIT SCOPE

- 2.10** We examined the maintenance programs and mechanisms that were in place to ensure safe public housing is provided on a timely basis.
- 2.11** The audit covered the period from April 1, 2023 – December 31, 2024. Information outside of this period was also collected and examined as deemed necessary. As part of our work, we interviewed HNB staff, reviewed documentation and visited several of the regions.
- 2.12** 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.

AUDIT OBJECTIVE

- 2.13** Our audit objective was to determine whether the New Brunswick Housing Corporation has an adequate maintenance program and mechanisms for public housing units, to ensure properties are well-maintained, safe, and habitable for tenants.

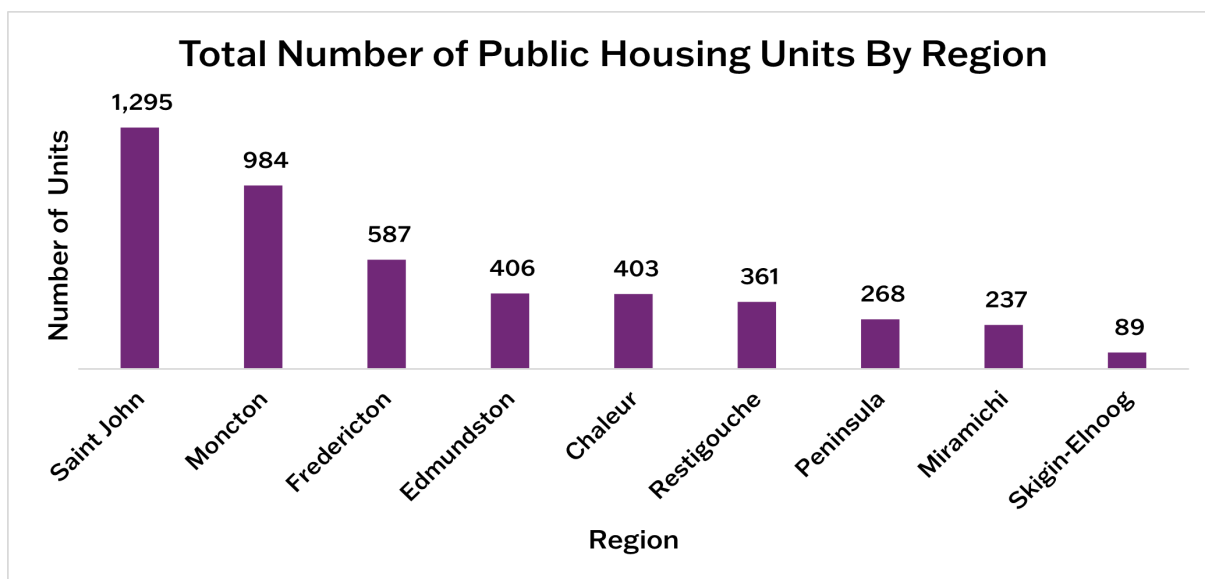
CONCLUSION

- 2.14** Our audit work concluded that the New Brunswick Housing Corporation does not have adequate systems and practices in place to ensure safe housing accommodations are provided on a timely basis. Overall findings are as follows:

- inspections are not completed for all units as required by policy
- work orders are not completed on a timely basis
- budget not available to spending approvers

Background

- 2.15** The New Brunswick Housing Corporation (HNB) is responsible for creating the conditions for safe, affordable and accessible housing for all New Brunswickers.
- 2.16** HNB owns a variety of rental units across the province and charges rent based on 30% of household income.
- 2.17** As of December 31, 2024, HNB was responsible for 4,630 public housing units distributed across the province's eight geographic regions. Although tracked separately, Skigin-Elnoog units are located throughout the province. Skigin-Elnoog units provide off-reserve Aboriginal people with housing at affordable costs. A breakdown of units by region is shown below:



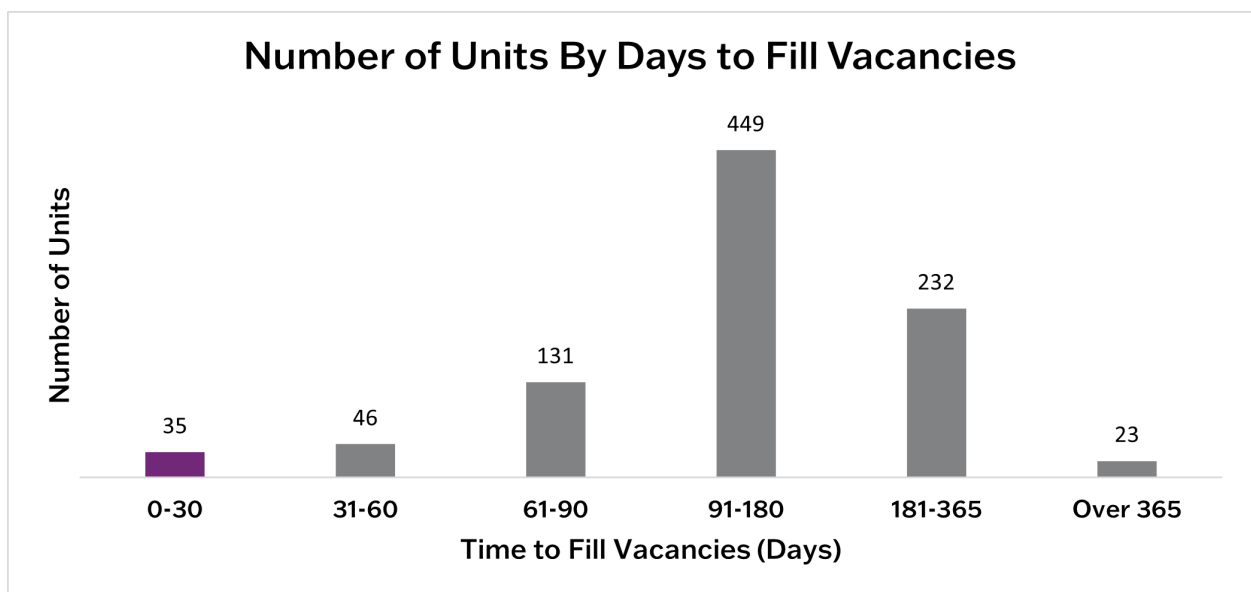
Source: Prepared by AGNB based on data from HNB (unaudited)

- 2.18** HNB is responsible for the maintenance and repair of these units to ensure conditions are suitable for habitation.
- 2.19** The Housing Facilities Division is responsible for oversight of public housing maintenance. Within this division, eight Technical Service Managers are assigned to oversee the eight geographic regions outlined above. Units for Skigin-Elnoog are located throughout the other eight geographic regions and are managed through collaboration between HNB and Skigin-Elnoog Housing Corporation.

Vacancy KPI Not Met

2.20 A key performance indicator (KPI) established in the *Public Housing - Policies and Procedures Manual* states that, “All vacant units should be made available for occupancy as quickly as possible, or at most within 30 days from the date the unit is vacated.”

2.21 We reviewed work order data from the HNB system during our audit period and noted it took on average 140 days to fill vacant units compared to the 30-day KPI. The graph below details that only 35 (4%) of vacant units were ready for occupancy within 30 days with 23 (3%) taking in excess of one year.



Source: Prepared by AGNB based on data from HNB (unaudited)

2.22 HNB prepares detailed vacancy reports that are reviewed by management. However, we were unable to determine whether this information was used to address deficiencies and noted concerns.

Recommendation

2.23 We recommend that the New Brunswick Housing Corporation investigate deficiencies in achievement of the established vacancy KPI and take remedial action.

No Monitoring of Inspection Completion

2.24 Section 403-2 of the *Public Housing – Policies and Procedures Manual* states that Technical Service Managers, are responsible for:

- inspecting and reporting on the interior maintenance of each unit annually
- developing a regular maintenance schedule
- inspecting the exterior maintenance of each project quarterly
- checking the tenant’s general compliance with conditions of the lease

2.25 Furthermore, the manual states that, “it is The Housing Department’s responsibility to maintain all projects in a manner which is in keeping with provincial and municipal bylaws and regulations.”

2.26 We noted that HNB does not monitor the completion of its inspections.

Recommendation

2.27 We recommend that the New Brunswick Housing Corporation monitor the completion of required inspections.

Inspections Not Completed as Required by Policy

ANNUAL UNIT INTERIOR INSPECTIONS

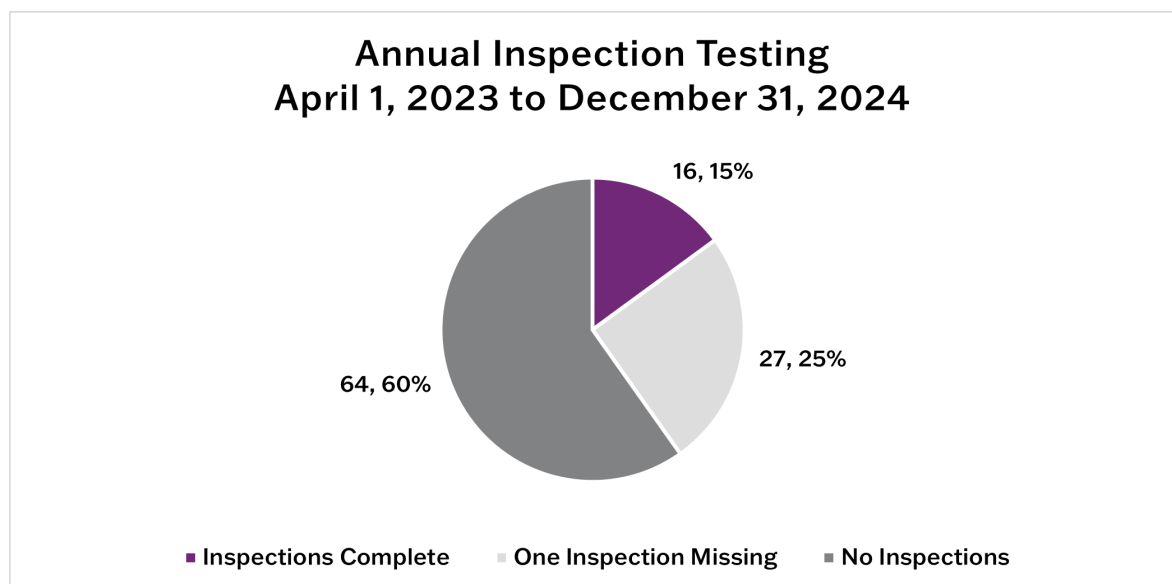
2.28 Section 403-2 of the *Public Housing – Policies and Procedures Manual* indicates “the Technical Services Manager/Designate shall inspect the interior of each unit once a year”. This inspection is intended to identify required repairs and their associated costs.

2.29 We inquired by region whether annual inspections were completed, and found:

- 4 regions do not conduct any annual inspections
- 2 regions only conduct inspections on seniors’ units
- 3 regions indicated that they complete these inspections

2.30 During the course of our work, we became aware of a fire that destroyed Villa Beauséjour, a 10-unit seniors public housing complex located in the Edmundston region. We reviewed the report from the Office of the Fire Marshall and noted that the cause of loss was undetermined. However, hypotheses considered were noted as being electrical in nature. Despite this incident, this region along with three others continues to not conduct annual inspections as required by policy.

2.31 We visited regions that indicated they complete their annual inspections and examined a sample of 107 units. The graph below notes that only 16 (15%) met the inspection requirements during our audit period (having a 2023 and 2024 inspection).



2.32 We examined 31 annual inspections in further detail and based on findings found that 24 should have had work orders entered into the HNB system. Of these:

- 10 had work orders that were correctly entered in the HNB system
- 14 had noted deficiencies that were not found in the HNB system

2.33 Some examples of issues noted during inspections that were not entered into the HNB system included problems pertaining to smoke alarms, appliances, flooring and water leaks. We were unable to find evidence that necessary repairs were completed.

2.34 The role of building inspector requires significant levels of technical expertise, allowing them to effectively identify issues. In the Moncton region the annual inspections we reviewed were completed by program officers rather than inspectors. We reviewed job descriptions for both positions and found program officers have different education and experience requirements from that of inspector as shown below.

Building Inspector	Program Officer
Two-year engineering program or one year carpentry program	Graduation from University at the bachelor level
Experience in building construction and/or building inspection	Liaising with applicants, tenants, landlords, lending institutions and solicitors
Requires an understanding of the National Building Code and how it applies to the construction industry	Assessing applicants' housing needs and directing them to community resources

Recommendations

2.35 We recommend that the New Brunswick Housing Corporation ensure annual inspections are completed on each unit as required by policy.

2.36 We recommend that the New Brunswick Housing Corporation ensure building inspections are completed by inspectors with the required education and experience.

QUARTERLY PROJECT EXTERIOR INSPECTIONS

2.37 The *Public Housing – Policies and Procedures Manual* section 403-2 states, “The Technical Service Manager or Designate should inspect the exterior maintenance of each project quarterly.”

2.38 We inquired by region and were informed that:

- 6 regions do not conduct these inspections
- 1 region does quarterly inspections except for winter months
- 2 regions indicated they do monthly inspections

Recommendation

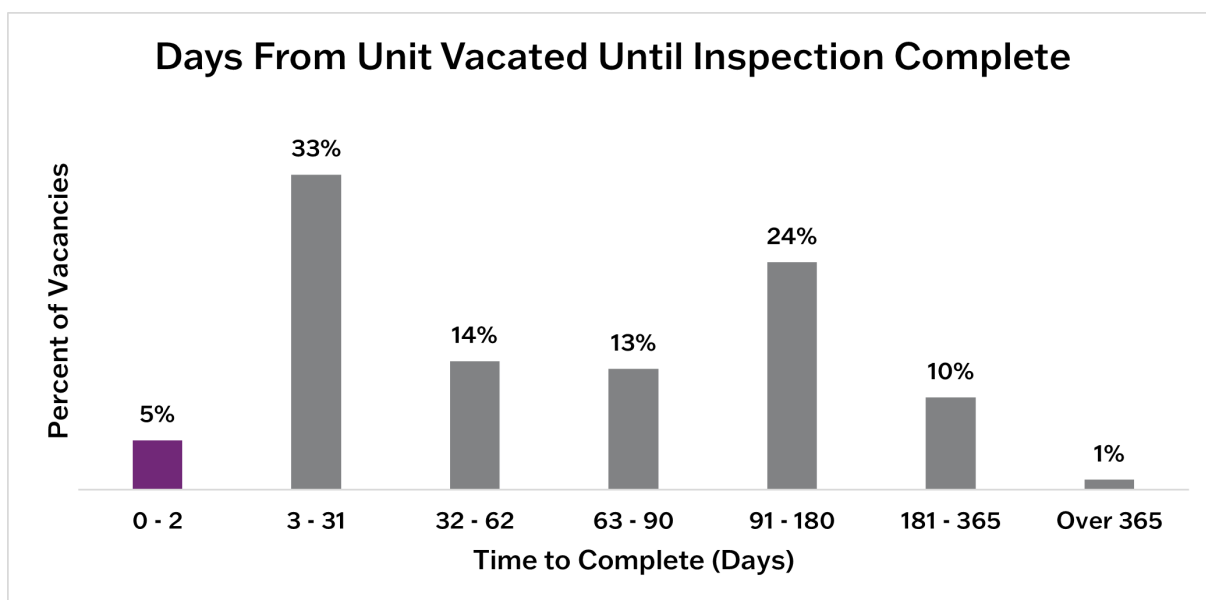
2.39 We recommend that the New Brunswick Housing Corporation ensure exterior inspections are completed, at minimum, on a quarterly basis as required by policy.

VACANCY INSPECTIONS

2.40 Vacancy inspections are to identify repairs and maintenance that may have to be completed in a unit prior to occupancy by a new tenant. Timeliness is critical to ensure units are available for those in need.

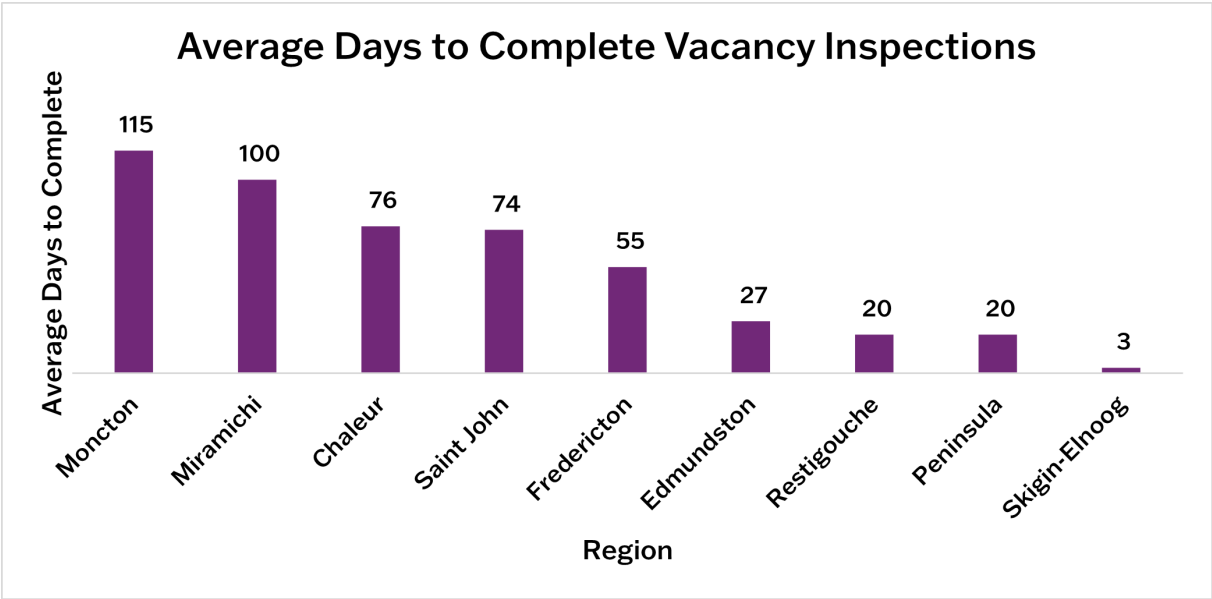
2.41 *The Public Housing – Policies and Procedures Manual* requires that vacancy inspections be completed within two days.

2.42 Our analysis showed that on average vacancy inspections took 70 days to complete. During the audit period 95 percent of vacancy inspections did not meet the 2-day target. This was one of the key drivers that resulted in the 30-day KPI to fill vacancies not being met.



Source: Prepared by AGNB based on data from HNB (unaudited)

2.43 HNB records the number of days it takes to complete vacancy inspections in the HNB system and the table below shows the average days required to complete vacancy inspections by region.



Source: Prepared by AGNB based on data from HNB (unaudited)

Recommendation

2.44 We recommend that the New Brunswick Housing Corporation review the vacancy inspection process with the objective of reducing the time to complete these inspections to support achievement of the 30-day vacancy turnaround KPI.

SAFETY INSPECTIONS

2.45 In addition to inspection requirements established in policy, there are more specific requirements established for certain systems. Some examples include:

- sprinklers through the *National Building Code*
- fire alarms through the *National Fire Code of Canada*
- elevators through the *Elevators and Lifts Act*

2.46 Inspection completion and the resulting findings are stored in paper files and not available in a consolidated electronic format.

2.47 We found that all three of these types of safety inspections were contracted for centrally. The contracts outlined a list of buildings that required the specific inspections. There was not a process to ensure that all inspections had been completed and issues addressed.

2.48 For example, the fire alarm testing contract identified 94 projects, however only five projects had fire certificates available centrally for 2024. These certificates only covered the Saint John Region which accounted for 25 of 94 projects.

2.49 During our work we observed that some of these certificates were stored in paper files but there was no monitoring system to determine that the annual requirement had been met for all buildings and units.

Recommendation

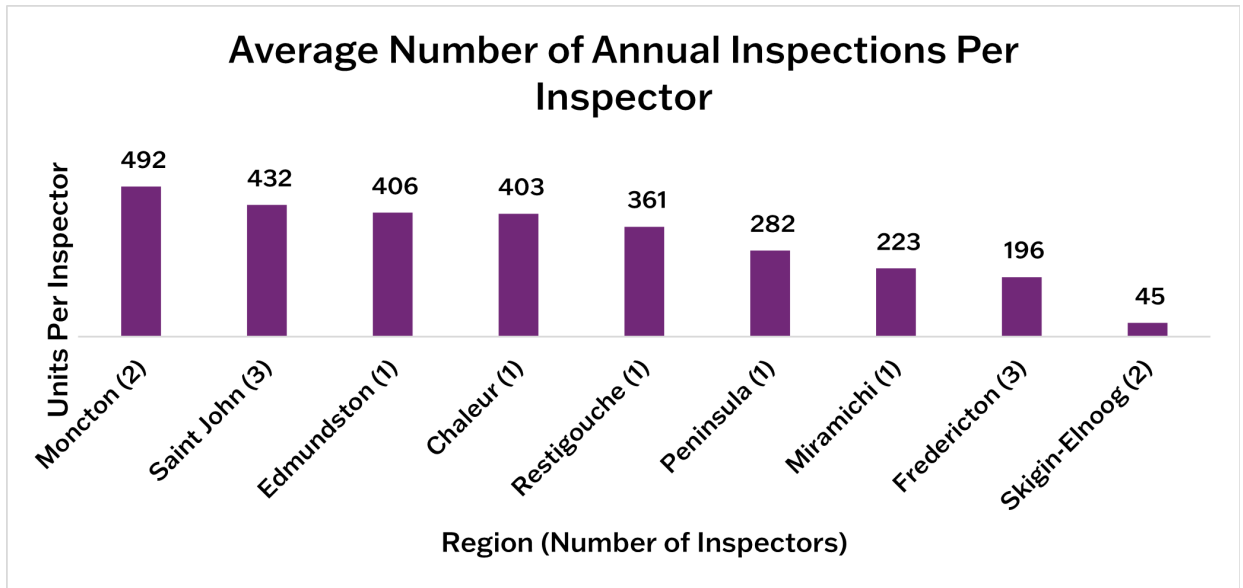
2.50 We recommend that the New Brunswick Housing Corporation monitor the completion of safety inspections.

Inconsistent Staffing of Inspectors

2.51 Inspectors within each region are tasked with completing annual unit inspections and quarterly building exterior inspections. In addition to the completion of annual and quarterly inspections, inspectors are responsible for:

- vacancy inspections
- inspections of government-owned and private residences under various housing programs
- inspecting structural elements and systems including ventilation, plumbing, heating and energy efficient components
- ensuring compliance with regulations, codes and standards
- making recommendations for necessary repair work
- writing tenders and contracts
- preparing technical reports, specifications and detailed cost analysis

2.52 The number of inspectors per unit varies by region. The chart below shows the average inspections that must be completed by each inspector on an annual basis:



Source: Prepared by AGNB based on data from HNB (unaudited)

2.53 We determined that the staffing of inspectors is based on historical practices with no review of whether this meets current needs.

Recommendation

2.54 We recommend that the New Brunswick Housing Corporation review its inspector staffing and consider adjustments to support more timely completion of inspections.

No Standardized Inspection Form

2.55 Inspection forms are used to record any findings and serve as documentation that the inspection has taken place.

2.56 We determined that there is no standardized inspection form used consistently among the regions. We compared inspection forms between five regions and noted the following differences:

- Fredericton was the only region that provided a condition rating (good, fair, replace/repair)
- only two regions included ventilation
- each region's form required varying levels of detail expectations for the inspection

2.57 We also noted that information required by the forms was often missing:

- 3/31 (10%) inspection forms we examined did not have the date of the inspection
- 7/31 (23%) inspection forms did not have the tenant's signature as required by the *Public Housing - Policies and Procedure Manual*, Section 403-3

Recommendations

2.58 We recommend that the New Brunswick Housing Corporation establish a common inspection form that captures the results of inspections and requires inspectors to confirm they have examined areas even if there were no findings.

2.59 We recommend that the New Brunswick Housing Corporation include a measurement in its annual unit interior and quarterly building exterior inspections to rate the overall condition and use this information to prioritize work and allocate resources.

2.60 We recommend that the New Brunswick Housing Corporation ensures inspection forms are completed in full.

Work Orders Not Addressed in Timely Manner

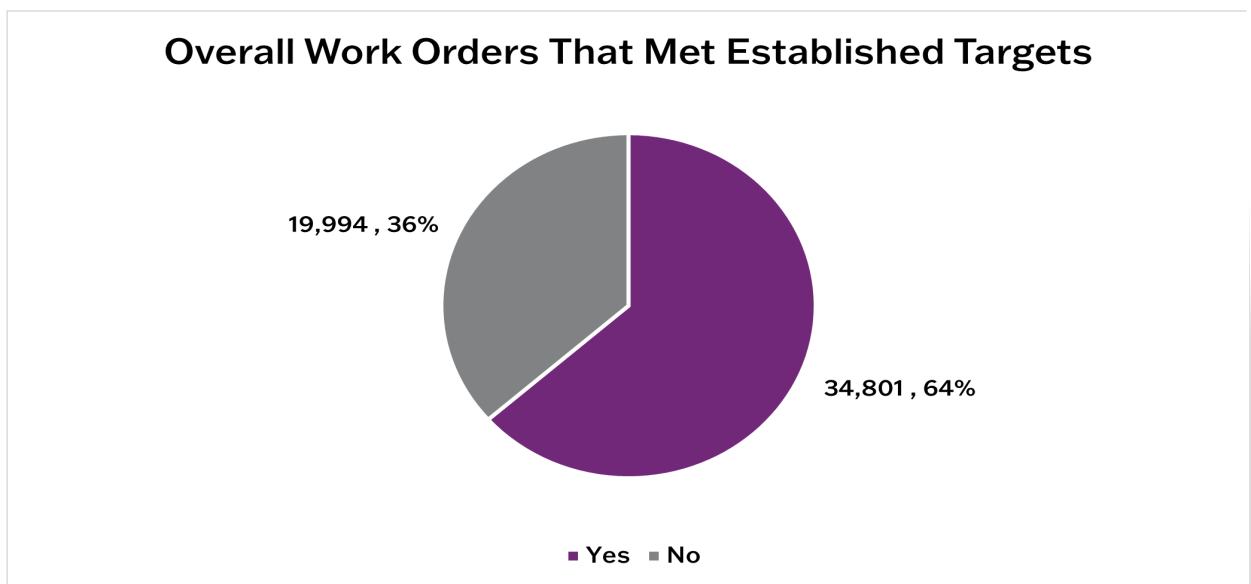
OVERALL – ALL WORK ORDERS

2.61 In the HNB system, we noted priority codes were associated with expected completion times. These 25 different priority codes provide targets ranging from immediate to one year. Some examples are as follows:

Priority Code	Target
Immediate	Immediate
Emergency	12 hours
Urgent	24 hours
Routine	3 weeks
Annual	1 year

Source: Prepared by AGNB based on data from HNB (unaudited)

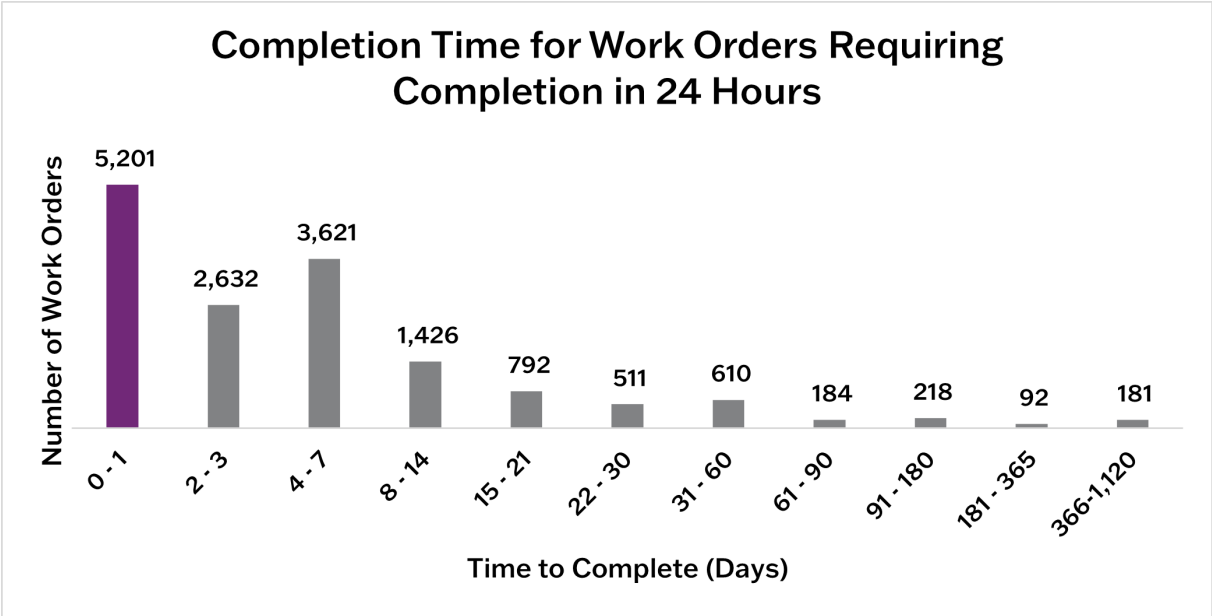
2.62 During our audit period we noted 36 percent of work orders did not meet established targets:



Source: Prepared by AGNB based on data from HNB (unaudited)

URGENT WORK ORDERS

- 2.63 There were 17,877 work orders requiring completion in 24 hours.
- 2.64 Urgent work orders (within 24 hours) were noted as taking significantly longer than the established targets. We found that only 29 percent of these met the established target. We noted 1,285 cases taking over 30 days to complete.



Source: Prepared by AGNB based on data from HNB (unaudited)

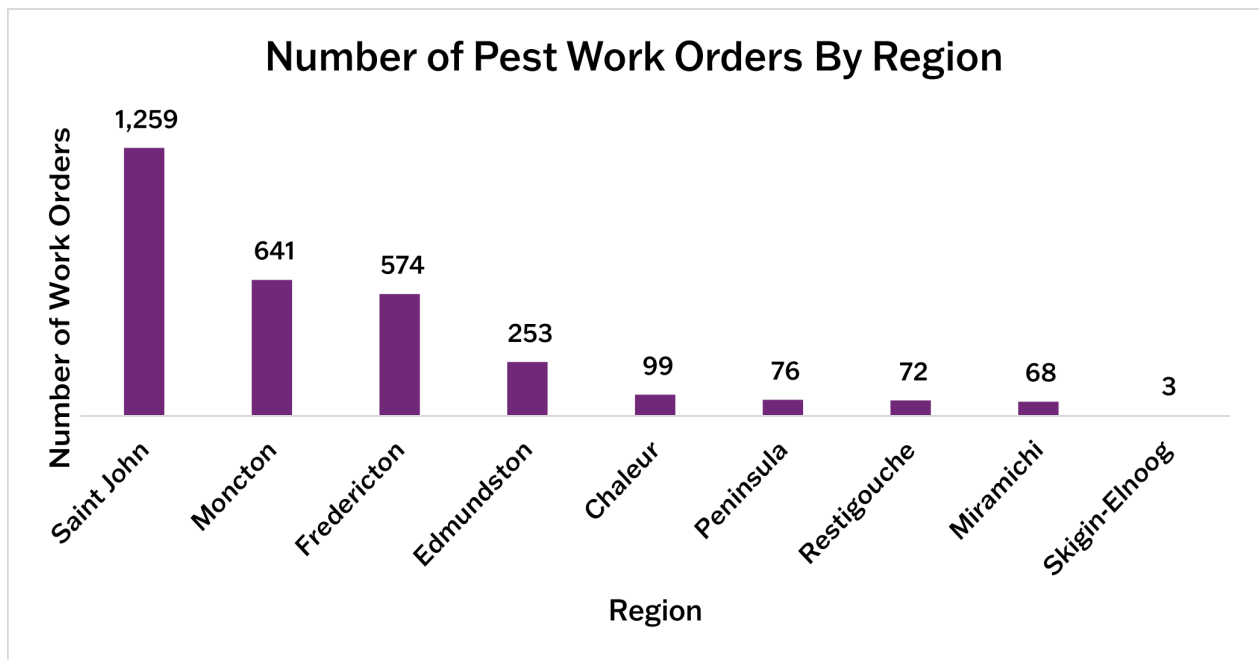
- 2.65 There were 2,409 work orders requiring completion in less than 24 hours that we were unable to determine whether the target was met due to the completion time not being recorded in the HNB system.

SPECIFIC EXAMPLES BY WORK ORDER TYPE

- 2.66 We reviewed certain work orders to determine if the documented priority code target had been met. Our findings are noted below.

Pests

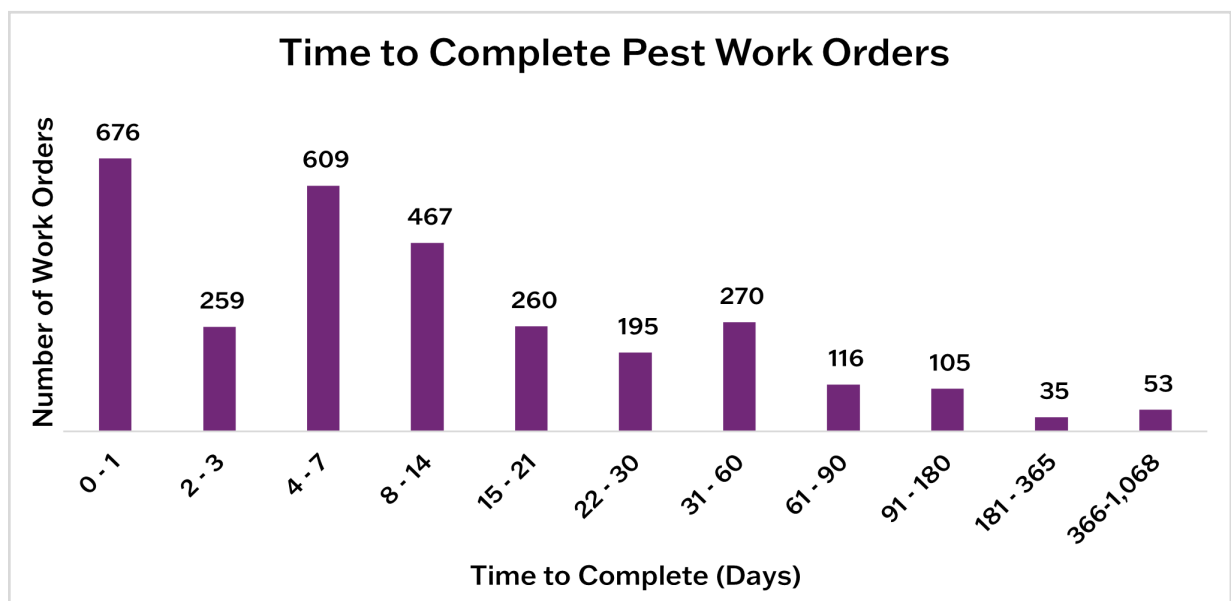
- 2.67 Work orders for pests include addressing problems related to bed bugs, mice/rats, pigeons, roaches, etc.
- 2.68 During our work we found that 41 percent of the pest issues were related to the Saint John region.



Source: Prepared by AGNB based on data from HNB (unaudited)

2.69 There were 3,045 work orders pertaining to pest issues during our audit period and we found that 53 percent of the issues were not resolved within the targeted time frames.

2.70 The time to address these issues ranged from less than a day to 1,068 days.



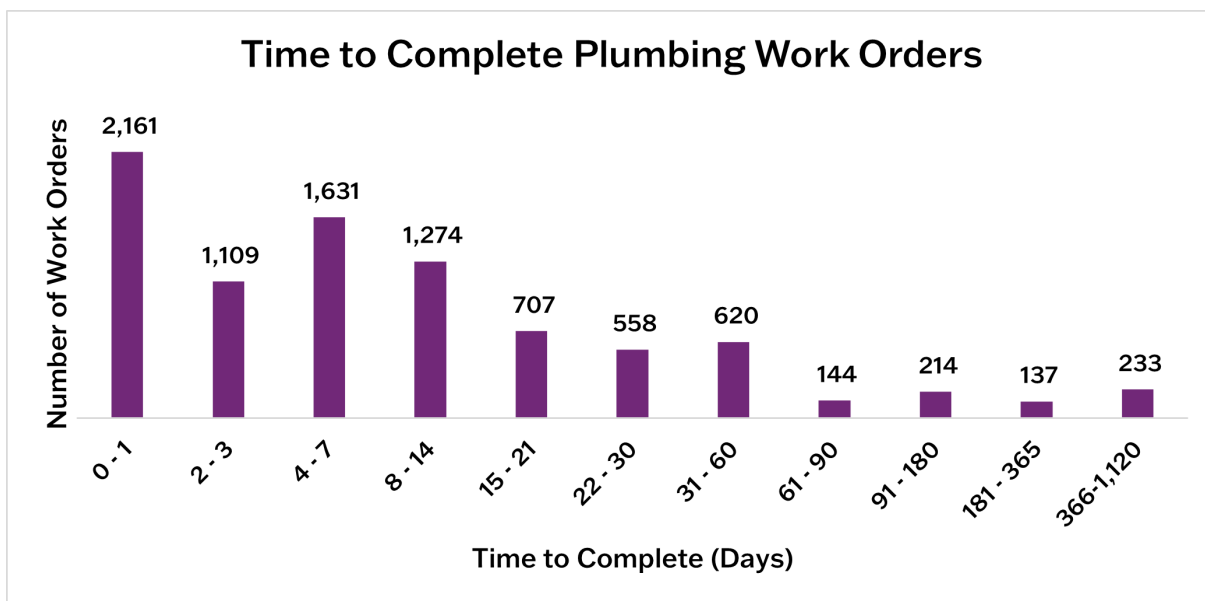
Source: Prepared by AGNB based on data from HNB (unaudited)

Plumbing

2.71 Work orders for plumbing include issues with water supply, boilers, bathrooms, hot water tanks, water pumps, water treatment and wells.

2.72 There were 8,788 work orders pertaining to plumbing issues during our audit period and we found that 39 percent of the issues were not resolved within the targeted time frames.

2.73 The time it took to address these issues ranged from less than a day to 1,120 days.



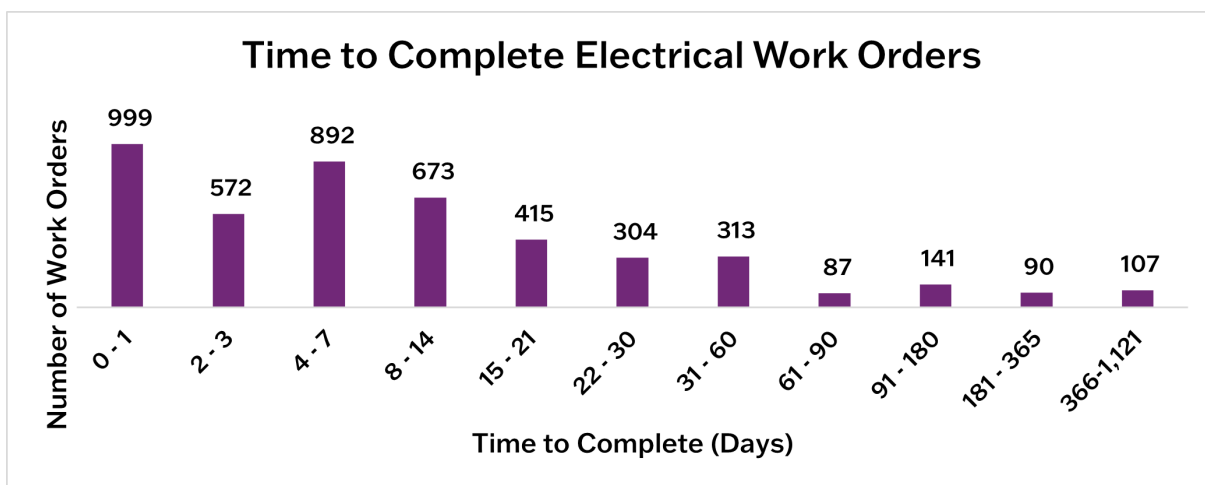
Source: Prepared by AGNB based on data from HNB (unaudited)

Electrical

2.74 Work orders for electrical include issues with baseboard heaters, carbon monoxide and smoke detectors electrical work, dehumidifiers, electrical panels, plugs and outlets, emergency lighting, exhaust fans, lighting, thermostats and wiring.

2.75 There were 4,593 work orders pertaining to electrical issues during our audit period and we found that 35 percent of the issues were not resolved within the targeted time frames.

2.76 The time it took to address these issues ranged from less than a day to 1,121 days.



Source: Prepared by AGNB based on data from HNB (unaudited)

Fire Safety

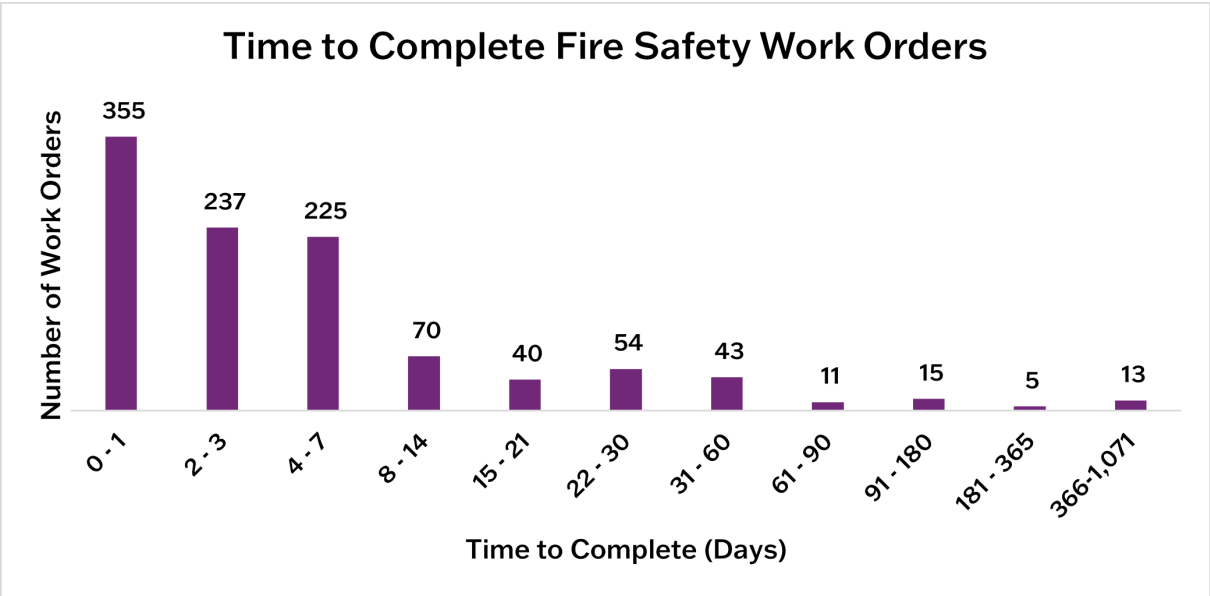
2.77 Work orders for fire safety include issues with fire safety systems, alarms, extinguishers, sprinklers, heat detectors and strobe lighting.

2.78 We examined 1,068 work orders that related to fire safety:

- for work orders with a target time of one day or less related to fire safety, the average time to complete these was 19 days
- on average it took 115 days to replace smoke detectors compared to the target of 17 days

2.79 We found that 28 percent of issues related to fire safety were not resolved within the targeted time frames.

2.80 The time it took to address these issues ranged from less than a day to 1,071 days.



Source: Prepared by AGNB based on data from HNB (unaudited)

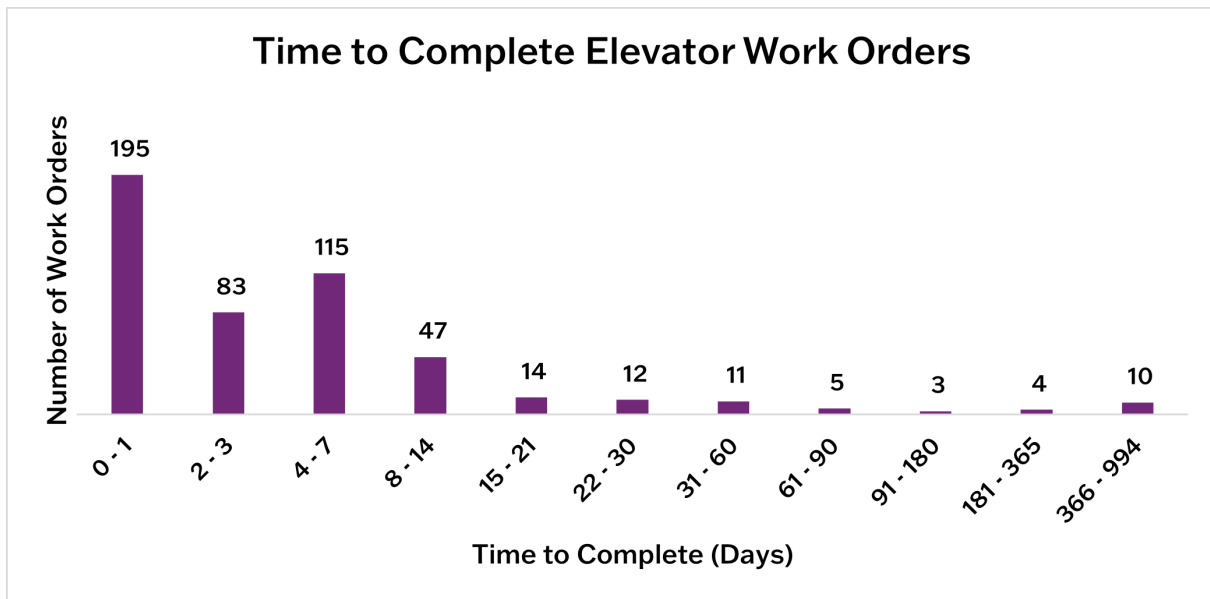
Elevators

2.81 We examined 499 work orders that related to elevators:

- for work orders with a target time of one day or less related to elevators, the average time to complete these was 37 days

2.82 We found that 28 percent of issues related to elevators were not resolved within the targeted time frames.

2.83 The time it took to address these issues ranged from less than a day to 994 days.

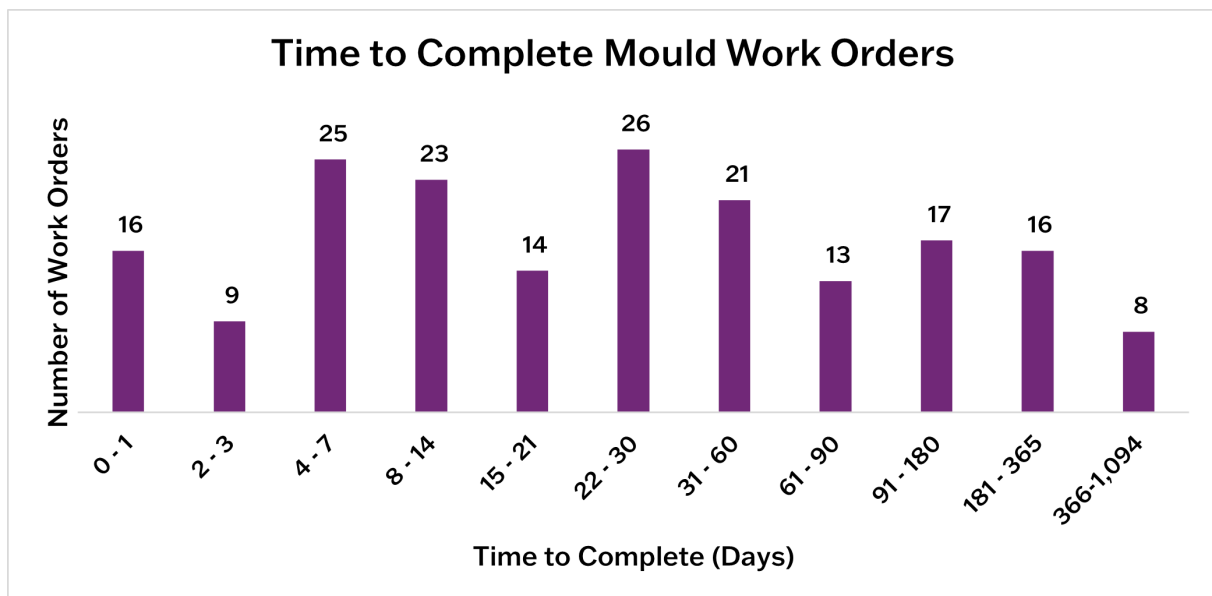


Source: Prepared by AGNB based on data from HNB (unaudited)

Mould

2.84 There were 188 work orders pertaining to mould issues during our audit period and we found that 57 percent of these issues were not resolved within the targeted timeframes.

2.85 The time it took to address these issues ranged from less than a day to 1,094 days.



Source: Prepared by AGNB based on data from HNB (unaudited)

Recommendation

2.86 We recommend that the New Brunswick Housing Corporation ensure maintenance work is completed in accordance with established targets.

Regular Maintenance Budget Not Based on Need

2.87 For budget and financial purposes, maintenance is coded to one of three categories:

- Modernization and improvement (M&I)
- Emergency repair
- Regular maintenance

2.88 The regular maintenance budget is used to fund repairs and maintenance that are minor in nature.

2.89 We requested support for how regular maintenance budget amounts were determined. We were informed that these amounts were carried forward from prior years and it was not clear how the amounts were established.

2.90 M&I was the only category where an annual needs assessment took place.

Recommendation

2.91 We recommend that the New Brunswick Housing Corporation review its regular maintenance budget allocation process and conduct needs assessments annually to support allotment.

M&I Projects Not Prioritized

2.92 The M&I budget is used for significant non-emergency projects that will enhance the building. Examples of M&I projects are as follows:

- upgrades to heating system
- major roof repairs and replacements
- plumbing upgrades

2.93 On an annual basis, HNB management obtain submissions from regional staff for required capital repairs. These submissions are reviewed and approved by the Director of Technical Services and Building Management and the Director of Construction & Modernization.

2.94 Although decisions are based on identified needs, there is no mechanism to score or prioritize the decisions that are made.

2.95 The approved projects for M&I in the 2024-25 fiscal year totaled \$9.3 million.

Recommendation

2.96 We recommend that the New Brunswick Housing Corporation implement a scoring mechanism to rank which capital projects are addressed first.

Budget Not Available to Spending Approvers

2.97 We found that HNB did not establish a budget allocation for 2024-25. A financial plan was not established, assessed or monitored against by program and/or region in 2024-25, resulting lack of ability to have oversight on budget to actual results.

2.98 Only four high-level budget items were uploaded to their financial system in December 2024. These items were as follows:

Program	Amount per Main Estimates
Corporate and other services	\$3,765,000
Housing program delivery	\$130,461,000
Housing facilities	\$59,356,000
Tenant and landlord relations office	\$2,759,000
Total	\$196,341,000

Source: Prepared by AGNB based on 2024-2025 Main Estimates (unaudited)

2.99 We would have expected a detailed budget to have been assigned regionally based on HNB's determined priorities. This would allow funds to be allocated to regions that required the most significant number of repairs.

2.100 Communicating budget information to regional managers would allow them to compare budget to actuals and make resource allocation decisions accordingly.

2.101 Without this information, approvers do not have visibility and cannot adequately plan operations. This increases the risk of the organization being significantly over or under budget.

Recommendations

2.102 We recommend that the New Brunswick Housing Corporation establishes a detailed budget and ensures this is communicated to approvers.

2.103 We recommend that the New Brunswick Housing Corporation regularly monitors budget to actual results and uses these results in operational decisions.

Appendix I:

RECOMMENDATIONS AND RESPONSES

Par. #	Recommendation	Corporation's Response	Target Implementation Date
--------	----------------	------------------------	----------------------------

We recommend the New Brunswick Housing Corporation:

2.23	investigate deficiencies in achievement of the established vacancy KPI and take remedial action.	Agree HNB is currently undertaking a process improvement project to reduce the turn-around time for vacancy repairs. Based on this work, vacancy repair policies will be updated and reasonable KPIs will be established with improvements to meet those KPIs.	Spring 2026
2.27	monitor the completion of required inspections.	Agree While a centralized/consistent system did not exist prior to the revitalization of the corporation, regional staff do monitor inspection activity on the ground. However, this may not be captured consistently in the HNB system. HNB will set up a central monitoring system for inspections. In addition, this monitoring system will be incorporated into the internal audit plan of HNB's new Enterprise Risk and Audit team to help identify areas of improvement and deficiencies in the process.	Spring 2026
2.35	ensure annual inspections are completed on each unit as required by policy.	Agree Central monitoring system will be available to management to ensure annual inspections are being completed. Additional inspectors are being added to support completion of annual inspections according to policy.	Fall 2026
2.36	ensure building inspections are completed by inspectors with the required education and experience.	Agree Inspections must be completed by qualified personnel only. In the one region noted, this is a legacy issue due to staff shortages with high demands so program officers would assist with inspections to ensure there were eyes on units. However, this practice was stopped last year. Only inspectors are completing these inspections now and this practice will continue.	Completed

Par. #	Recommendation	Corporation's Response	Target Implementation Date
2.39	ensure exterior inspections are completed, at minimum, on a quarterly basis as required by policy.	Disagree In addition to annual inspections, best practice for external inspections is typically twice annually - pre-winter and spring with increased frequency for higher-risk properties. The policy will be reviewed for efficiency of current staffing levels and according to best practices.	Fall 2026
2.44	review the vacancy inspection process with the objective of reducing the time to complete these inspections to support achievement of the 30-day vacancy turnaround KPI.	Agree HNB is currently undertaking a process improvement project to reduce the turn-around time for vacancy, repairs, and associated inspections. The project will validate the data, establish clear KPIs, and identify actions necessary to meet these KPIs.	Spring 2026
2.50	monitor the completion of safety inspections.	Agree Where inspections are being prioritized and completed regionally, issues raised in the audit report speak more to data integrity than the situation on the ground. A central monitoring system will be available to management to ensure all required inspections are being completed. HNB will review policy to streamline number of inspections required.	Fall 2026
2.54	review its inspector staffing and consider adjustments to support more timely completion of inspections.	Agree Additional inspectors are being added to support more timely completion of inspections and further review will also be completed to establish needs for future budget requests. It is important to also note that inspectors are also necessary for the delivery of affordable housing programs and are also leveraged for community disaster events so this must be factored into inspector staffing plans.	Fall 2026
2.58	establish a common inspection form that captures the results of inspections and requires inspectors to confirm they have examined areas even if there were no findings.	Agree This is a legacy issue from the regionalized system prior to the revitalization of the corporation and the development of the new centralized infrastructure division. HNB will develop a common inspection form for all types of inspections as part of standardizing processes.	Fall 2026

Par. #	Recommendation	Corporation's Response	Target Implementation Date
2.59	include a measurement in its annual unit interior and quarterly building exterior inspections to rate the overall condition and use this information to prioritize work and allocate resources.	Agree HNB will add a measurement to its standardized inspection tools to ensure up to date information is available as part of its asset management and improvement strategy. Note: exterior inspection frequency to be reviewed and updated (see item. 2.39).	Fall 2026
2.60	ensures inspection forms are completed in full.	Agree An internal audit mechanism will be set up for management to review quality and completeness of inspection forms. This is also part of HNB's plans to standardize processes and address legacy issues.	Spring 2027
2.86	ensure maintenance work is completed in accordance with established targets.	Agree Where maintenance work is being prioritized and completed regionally, issues raised in the audit report speak more to data integrity than the situation on the ground. HNB will set up a central monitoring system for maintenance work thus allowing for better oversight.	Fall 2026
2.91	review its regular maintenance budget allocation process and conduct needs assessments annually to support allotment.	Agree For 2025/26 and beyond, maintenance budget allocation will be set and needs assessments will be completed with regional delivery input. The transition of HNB from SD has uncovered the need for a new budgeting system to be established.	Spring 2026
2.96	implement a scoring mechanism to rank which capital projects are addressed first.	Agree A clear prioritization mechanism will be developed for the development and delivery of capital projects.	Spring 2026

Par. #	Recommendation	Corporation's Response	Target Implementation Date
2.102	establishes a detailed budget and ensures this is communicated to approvers.	<p>Agree</p> <p>The revitalization of HNB as a stand-alone Crown Corporation has presented many challenges to the HNB staff, some of which were outside the control of HNB. such as the set-up of HNB in the new Government accounting system. At the time of the budget load for GNB, HNB was only minimally setup in the Government accounting system which is why the budget was loaded at a high level. The capital maintenance budget was loaded into the new system, and the Modernization and Improvement budget was closely monitored. HNB actuals were still flowing through SD and continued to do so for the majority of the 2024-2025 fiscal year. Now that HNB has been set-up and our actuals are flowing through the Government accounting system, we will have a more detailed budget going forward.</p>	June 2025
2.103	regularly monitors budget to actual results and uses these results in operational decisions.	<p>Agree</p> <p>Due to the fact that HNB was not set-up to have actuals flowing through the Government accounting system until December 2024, monitoring budget to actual was challenging during fiscal 2024-2025. However, monitoring of budget to actual was done at a minimum of quarterly to comply with GNB reporting requirements but also throughout the year by compiling data from SD's books and comparing to the high-level budget that HNB loaded. In addition, there were regular meetings throughout the year among the Facilities Division (now the Infrastructure Division), Financial Services and Finance and Treasury Board to discuss budget, actuals, and variances.</p>	June 2025

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.

Objective	To determine whether the New Brunswick Housing Corporation has an adequate maintenance program and mechanisms for public housing units, to ensure properties are well-maintained, safe, and habitable for tenants.
Criterion 1	New Brunswick Housing Corporation has relevant key performance indicators to ensure housing unit conditions are appropriate and issues addressed on a timely basis.
Criterion 2	New Brunswick Housing Corporation monitors and ensures that units meet all mandatory safety and regulatory standards.
Criterion 3	New Brunswick Housing Corporation has a maintenance program, policy and procedures that ensure units are maintained to an appropriate standard.
Criterion 4	New Brunswick Housing Corporation should establish a budget that is aligned with achieving the goal of appropriate unit condition and timely access to vacant units.

Appendix III:

Independent Assurance Report

This independent assurance report was prepared by the Office of the Auditor General of New Brunswick (AGNB) on the New Brunswick Housing Corporation and its maintenance of public housing units. 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 the maintenance of public housing units.

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 April 1, 2023 to December 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 21, 2025, in Fredericton, New Brunswick.

NB POWER

2025

ENERGIE N. B. POWER

NB Power's Early Retirement Program

Chapter 3

Volume I: Independent Information Report

Table of Contents

Chapter 3 Highlights	34
Background	36
Lack of Demonstrated Value for Money	37
Governance and Program Approval	39
Program Results	45
Monitoring & Accountability	47
Appendix I: Recommendations and Responses	48
Appendix II: Independent Information Report	50

NB Power

NB POWER’S EARLY RETIREMENT PROGRAM



Chapter 3 Highlights







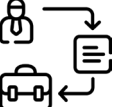

Inadequate information provided to decision makers	Lack of documentation to support consistent application of decisions	Exceptions to program objectives made
No ongoing monitoring of the achievement of the program’s objectives		

Results at a Glance

NB POWER'S EARLY RETIREMENT PROGRAM

Lack of Demonstrated Value For Money

FINDINGS

	Projected cost savings included salaries for individuals expected to retire anyway
	Stakeholders, including the Union, were not engaged in a timely fashion
	The plan administrator was not notified as required by the <i>Pensions Benefit Act</i> prior to program being offered to employees
	Management's decision to change the eligible retirement age and reduce savings by 47%, was made without financial analysis or board approval
	\$1.15 million was paid in incentives for employees who had announced their retirement prior to the program rollout
	One employee retired two years after the mandatory program retirement date of March 31, 2023
	Three employees were rehired on a contract basis after receiving retirement incentives
	The number of NB Power employees has grown by 157 from 2022-2025

Background

- 3.1** NB Power is a Crown corporation authorized under the *Electricity Act* to sell electricity, as well as manage and operate NB Power's resources and facilities for the supply, transmission, and distribution of electricity within New Brunswick.
- 3.2** New Brunswick residents pay electricity rates that are based on the corporation's annually forecasted costs to provide power and manage its capital structures. NB Power reports to the Minister of Energy and a Board of Directors which administer the business and affairs of the corporation.
- 3.3** NB Power announced an early retirement program in October 2022. Our report will detail:
- program design
 - governance and oversight
 - program implementation
 - results/outcomes
 - monitoring and accountability

IMPORTANCE OF THE TOPIC

- 3.4** As a utility, the operational performance of the corporation directly impacts New Brunswick residents and businesses. Costly programs can increase electricity rates, and the loss of technical expertise can jeopardize the ability to provide reliable and safe energy.
- 3.5** When NB Power makes a financial decision impacting essential services, it is important that a process is followed to ensure sound decision making, and that decision-makers have access to the best information possible to make a fully informed choice.

WORK PERFORMED

- 3.6** This document serves as an informational report that does not provide audit assurance. Our work included a review of NB Power internal documents, interviews with NB Power staff, executives and external stakeholders.

PROGRAM DESIGN

- 3.7** As part of NB Power's 2022-2023 budgeting process, which impacts customer rate setting, NB Power identified the need for significant savings and Human Resources was tasked to create the early retirement program.
- 3.8** NB Power employees fall under the New Brunswick Public Service Pension Plan, administered by Vestcor. For unreduced benefits, the retirement age for employees is 65 and there is a penalty or reduction in benefits for retirement before age 65.
- 3.9** The early retirement program design was based on an application process with documented eligibility criteria that employees must:
- be 55 or older on or before December 31, 2022, and
 - have more than two years of NB Power service

Lack of Demonstrated Value For Money

- 3.10** The early retirement incentives offered by NB Power varied by age group but included combinations of additional years of service, severance payments, purchase of penalty and health spending account options.
- 3.11** Details on the breakdown of incentives by age category are noted below.

Category	Age 55-59	Age 60-64	Age 65-70	Age 70+
Number of eligible employees	414	152	43	9
Additional 3 Years of Service or	•		•	
Severance Payment (2.5 weeks per year of pensionable service to a maximum of 20 years)	•		•	•
Age Credit Incentive (purchase of penalty)		•		
Health Spending Account Option	to 65	to 75	to 75	5 yrs

Source: Prepared by NB Power

3.12 The projected cost for each benefit was calculated based on the total eligible employees as follows:

Age Grouping	Lump Sum Payment Amount	3-Years of Service Amount	Waiver Reduction Amount	Health Spending Amount
55 - 59	\$ 40,510,000	\$ 42,125,000	-	\$ 11,767,000
60 - 64	-	-	\$ 10,012,000	\$ 6,678,000
65 - 70	\$ 3,708,000	\$ 4,305,000	-	\$ 1,211,000
71 +	\$ 824,000	-	-	\$ 151,000
TOTAL	\$ 45,042,000	\$ 46,430,000	\$ 10,012,000	\$ 19,807,000

Source: Prepared by AGNB with NB Power data

3.13 We enquired as to the methodology used to determine the types and extent of benefits offered to each age category and were informed the primary goal was to ensure equity in terms of benefit value offered per person, amongst the various age categories.

3.14 We could obtain no evidence that adequate analysis had been done, by age category, to ensure the least costs were incurred to meet program objectives. For example, would employees with more years of service and/or who are closer to the normal retirement age require less financial incentive to retire early?

3.15 We were unable to obtain evidence that value for money was satisfactorily evaluated in the design of incentives.

3.16 There were 618 employees who met the program criteria, of which 88% were unionized. The table below details the identified eligible employees by division.

Eligible Employees by Division	Non-Union	Union	TOTAL
Generation	7	91	98
Corporate Services	33	109	142
Customer Service & Distribution	15	117	132
Nuclear	12	149	161
NB Marketing Corporation	4	0	4
Transmission & System Operators	2	79	81
Total	73	545	618

Source: Prepared by NB Power

- 3.17** Projected savings from the program were overstated, as NB Power did not identify those who would have retired without additional incentives. Based on historical retirement data we obtained from NB Power, we determined that approximately 200 employees were expected to retire between 2022-23 to 2023-24.
- 3.18** We noted that 244 employees retired during this time period with potentially only an additional 44 retirements due to the early retirement program.

Governance and Program Approval

HR COMMITTEE

- 3.19** The first level of program approval was obtained at the Human Resources Safety and Culture Committee on September 14, 2022. A briefing note provided to the committee included a program description detailing an early retirement package for employees aged 55 and above as of December 31, 2022. It was noted that *“NB Power is facing significant financial challenges. Right sizing and streamlining the organization is an important step in optimizing costs to ensure the organization is able to effectively manage its current and future costs.”*
- 3.20** The briefing note stated:
- cost of program: \$38.5 million
 - *potential savings: \$30.3 million
 - return on Investment (ROI): 1.1 years
- *During our audit, we determined that potential savings were understated in the materials provided to the committee by \$6.1 million, as employee benefits were not included.
- 3.21** The committee’s proposed resolution was to recommend to the Board of Directors of New Brunswick Power Corporation approval of the workforce optimization program.
- 3.22** NB Power calculated program costs and savings as one time when calculating the ROI. The ROI as presented by NB Power to the decision makers, was in fact, the payback period.

3.23 They did not calculate the net present value of any future cash flow savings. This would have been particularly important, as it not only provides decision makers with more detailed information upon which to base their current decisions, but also with future savings expectations by which to continue to hold management accountable for.

BOARD OF DIRECTORS

3.24 We requested all documented materials that had been provided to the Board to assist with their decision making. We determined that the briefing note that had been presented to the Human Resource Safety and Culture Committee was made available to the Board via an electronic portal. However, our audit of the portal showed that only 9 of the 11 voting Board members had accessed the briefing note.

3.25 The Board minutes, from a special September 15, 2022 Board meeting held via Microsoft Teams, included the following:

- management had proposed a voluntary workforce optimization program that would offer a retirement incentive for those aged 55 and older as of December 31, 2022
- there were 618 employees at NB Power who met the age requirement
- management would complete detail reviews to determine if, how and when, eligible and interested employees can participate and retire from the organization
- in order for people to leave the organization there would need to be a position eliminated and knowledge transfer would have to occur
- employees would not be able to be hired back as consultants

3.26 Despite the limited analysis provided to the Board for decision making purposes, unanimous Board of Directors approval was obtained for the program as described.

3.27 NB Power does not have documented decision-making policies and procedures that would assist the Board in making key financial decisions.

3.28 In support of sound decision making processes, the Government of New Brunswick has a policy and procedures document entitled *Preparing for Decision Making by Executive Council*. The document outlines practices to ensure high quality proposals for presentation to Cabinet for decision. While NB Power is a Crown agency, and is not required to use this document, it reflects best practices that should be part of NB Power's program approval processes.

3.29 To support decision making, Treasury Board requires the following:

- a clear account of opportunity being addressed, with clear rationale for the recommended action, supported by evidence where possible
- chronology of critical events leading up to the submission, giving historical context
- timelines, key milestones, measures, KPIs, next steps
- assessment of alternative actions
- communications plan
- key external stakeholders/Consultation and whether they agreed with recommended action and why
- consideration of Women's Equality and Indigenous Affairs
- economic and business impact
- financial considerations
- demonstration of effective policy analysis pertaining to
 - o social equity
 - o women's equality
 - o inclusion/disability
 - o seniors
 - o indigenous peoples
 - o gender based analysis
- documentation pertaining to legal advice

3.30 The lack of stakeholder engagement was concerning in that NB Power did not engage other interested parties including the Union IBEW37 in a timely fashion. The Union was notified on October 5, 2022, well after program design and Board approval.

3.31 A formal complaint was eventually filed by the Union and a hearing was held on March 27th and 28th 2023, whereas the parties desired to resolve the matter without waiting for a decision from the Labour and Employment Board. The minutes of the settlement detailed the employer agreed to engage in meaningful consultation with the Union prior to introducing any future early retirement programs.

Recommendation

3.32 We recommend NB Power develop and implement adequate policies and procedures, reflective of best practices, pertaining to the information to be provided to decision makers to ensure high quality proposals in support of the decision-making process.

3.33 As stated in Section 100.61 of the *Pensions Benefit Act*:

If an employer intends to significantly increase or reduce the number of members of a shared risk plan, the employer shall notify the administrator who shall assess the financial impact on the plan and make recommendations on any required corrective measures.

3.34 NB Power (the employer) did not notify the plan administrator as required by the Act. On Oct 24, 2022, NB Power sent a letter regarding the early retirement initiative to the Chairperson of the New Brunswick Public Service Pension Plan Board of Trustees, well after the program had been designed, approved by the Board and communicated to staff.

3.35 The Chairperson of the New Brunswick Public Service Pension Plan Board of Trustees informed our office that their actuarial service provider concluded that “*the early retirement program did not have a material financial impact on the plan*”. We were unable to obtain documentation pertaining to this analysis, as we were informed it was limited to verbal discussion.

Recommendation

3.36 We recommend NB Power ensures compliance with the *Pensions Benefit Act* by notifying the administrator in a timely fashion, if they intend to significantly increase or reduce the number of members of the pension plan prior to program offering.

PROGRAM OFFERING CHANGED WITHOUT FORMAL BOARD APPROVAL

3.37 Management informed us that after Board approval of the program, the eligible early retirement age was changed from 55 to 58. There was no revised financial analysis completed by NB Power for ages 58+ to ensure program objectives were still being met. The table below shows the data based on age 55 and above, and the revised numbers based on age 58 and above.

	Approved (55-70+)	*Revised (58 - 70 +)
Total Eligible Employees	618	338
Projected Savings (based on 50% acceptance)	\$ 36.5 million	\$ 19.1 million
Projected Costs (based on 50% acceptance)	\$ 38.5 million	\$ 19.9 million

Source: *AGNB prepared based on NB Power data

3.38 While there was no formal Board approval for the program change, the Board minutes from October 6, 2022 (5 days before program announcement to staff) indicated that Directors were notified of the change to eligible employees due to management’s concern that *“including those employees between age 55 and 58 would result in oversubscription of the program”*.

3.39 The early retirement program was officially announced by the President and Chief Executive Officer to staff on October 11, 2022.

Recommendation

3.40 We recommend NB Power obtain documented Board approval for significant changes made to previously approved initiatives.

LACK OF DOCUMENTATION REGARDING APPLICANT APPROVAL/DENIAL

3.41 Applicants were to express interest through an application to their departmental Vice President, who would have the ultimate responsibility to assess approval.

3.42 A total of 176 applications were received of which 148 were approved, as noted by age category below.

Age	Accepted Applicants
58 - 59	48
60 - 64	64
65 - 70	31
71 +	5
TOTAL	148

Source: AGNB prepared based on NB Power data

3.43 Our audit testing confirmed that all accepted applicants met the age and minimum years of service program eligibility criteria. However, there was no documentation to support the acceptance or denial decision based on NB Power’s established program denial criteria which were noted as:

- meeting minimum complement in generation and/or nuclear operations
- single points of vulnerability related to special skillset that cannot be easily replaced
- reliability of critical infrastructure and
- other operational requirements that demonstrate that workload cannot be absorbed by the local department or division

3.44 Adequate documentation pertaining to the approval/denial decision would mitigate the risk of inconsistent application of criteria and increase transparency into how decisions were made.

3.45 We were informed that program approval was primarily based on whether or not adequate succession planning was in place. We could find no evidence that NB Power's processes in place to regularly review plans of establishment to ensure they have the right sized workforce are working as intended. A number of applicants were denied due to the lack of succession planning, and this:

- poses a risk to the organization as the employee could retire regardless of the early retirement program
- may lead to inconsistent treatment of employees when offering early retirement incentives

PROGRAM OFFERED TO THOSE ALREADY FLAGGED TO RETIRE

3.46 Eight individuals accepted to the early retirement program had previously notified NB Power of their plans for retirement in advance of the program being offered. One election was made as early as May 2022, almost 5 months before the program announcement. \$1.15 million was paid in incentive costs for employees who had already announced their retirement.

NONCOMPLIANCE WITH PROGRAM REQUIREMENTS

3.47 The program as established and communicated to staff, clearly stated:

- deadline for program acceptance November 14, 2022
- retirement must occur before March 31, 2023

3.48 Of the 148 accepted applications, we found the following deviations from the program requirements. There was no documented exception process and:

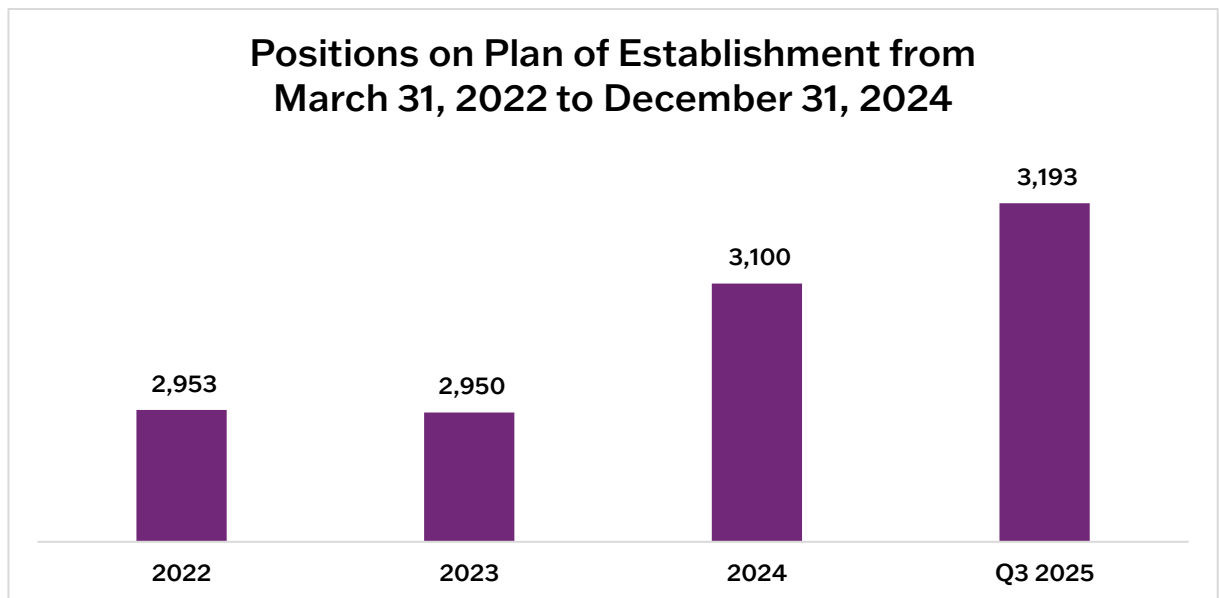
- 7 were accepted after November 14, 2022
 - o 4 in December 2022
 - o 3 in August 2023
- 23 retired after March 31, 2023
 - o 22 between June 2023- December 2023
 - o 1 in March 31, 2025

3.49 The program had been established and approved, based on timelines that were ultimately not followed. Additionally, a lack of consistently applied program rules can lead to actual or perceived unfair treatment of employees.

Program Results

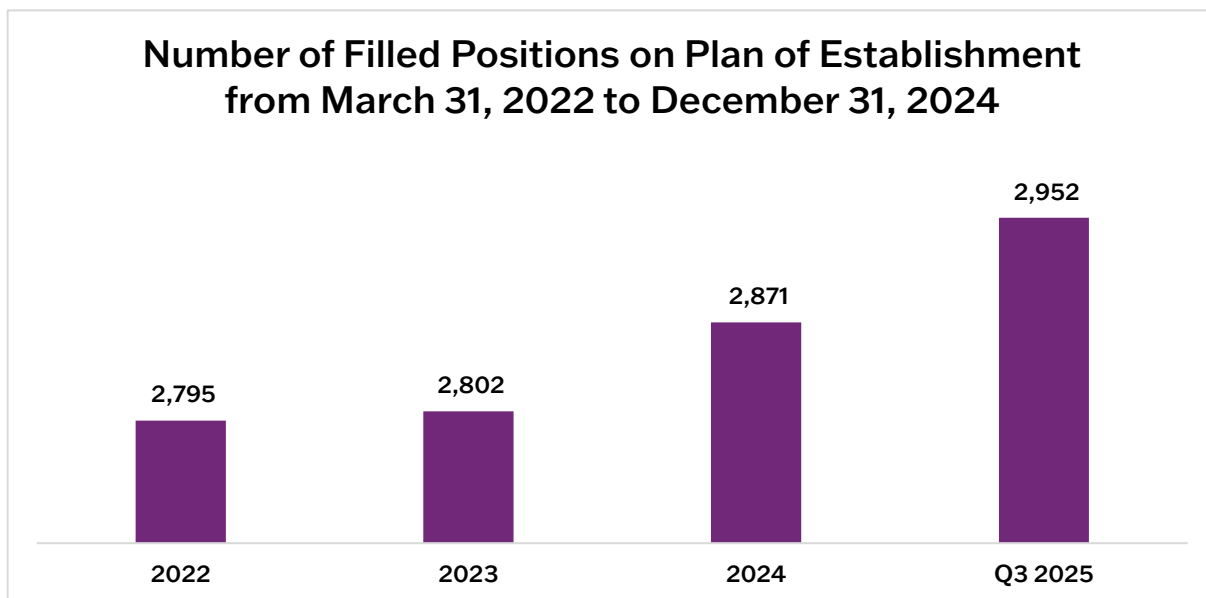
PROGRAM OBJECTIVES OF WORKFORCE REDUCTIONS WERE NOT OBTAINED

- 3.50** An October 11, 2022, email message to all staff, stated that, *“approval will only be granted with the understanding that the organization will experience a reduction on the Plan of Establishment resulting from the retirement.”*
- 3.51** We reviewed NB Power’s Plan of Establishment for the years 2022-2025 and there was little reduction in the Plan of Establishment. In fact, there was an 8% growth between 2022 and 2025. The chart below details NB Power positions per their Plan of Establishment.



Source: Prepared by AGNB with NB Power data

3.52 Additionally, the numbers of employees have not decreased as noted in the chart below.



Source: Prepared by AGNB with NB Power data

3.53 In seeking program approval, and as part of a motion on September 15, 2022, the Board was informed that “employees would not be able to be hired back as a consultant.”

3.54 Early retirement contracts also stated, “The Employee agrees that they will not obtain future employment with NB Power either as an employee or through a personal service contract.”

3.55 However, we noted that three employees were rehired by NB Power on a contract basis, with contract terms ranging from 178-729 days. One contract was extended beyond the initial term.

3.56 NB Power’s initial savings estimate (based on a retirement program for ages 55 and above) was \$36.5 million. Using the same analysis prepared by NB Power, and removing the data pertaining to ages 55-57, saving estimates would be \$19.1 million.

3.57 However, estimated savings were not achieved, and NB Power reported budgeted labour savings of \$11.3 million. Variance explanations include:

- not all positions were eliminated and/or had labour savings
 - o 23/148 positions, valued at almost \$2 million, had no labour savings
 - o in some cases, the retiree’s position was refilled and a more junior position eliminated
- lower acceptance rate than planned
 - o estimates were based on 50% acceptance rate, in actuality it was 44%

3.58 Total incentive costs for the 148 applicants was \$17 million. The breakdown for each benefit is as follows:

	Lump Sum	3-Years of Service	Waiver Reduction	Health Spending	
Age	Amount	Amount	Amount	Amount	Total
58 - 59	\$ 2,913,432.45	\$2,389,086.13	-	\$ 1,078,700.00	\$ 6,381,218.58
60 - 64	-	-	\$ 3,836,090.77	\$ 2,930,200.00	\$ 6,766,290.77
65 - 70	\$ 2,291,057.04	\$ 244,614.35	-	\$ 811,900.00	\$ 3,347,571.39
71 +	\$ 474,861.95	-	-	\$ 83,500.00	\$ 558,361.95
TOTAL	\$ 5,679,351.44	\$ 2,633,700.49	\$ 3,836,090.77	\$ 4,904,300.00	\$ 17,053,442.69

Source: Prepared by NB Power

Monitoring & Accountability

3.59 Performance reporting related to the early retirement program has been limited to reporting of program savings in 2023-24.

3.60 The early retirement program offered to staff should be subject to ongoing governance oversight to ensure its objectives are met effectively and transparently. A key expectation of the program is that positions vacated through early retirement will not be refilled, thereby achieving long-term cost savings and organizational streamlining.

Recommendations

3.61 We recommend NB Power regularly monitor and review staffing changes to confirm adherence to this principle, assess the program's impact on service delivery, and evaluate overall organizational efficiency. Any deviations from the original intent, such as requests to refill vacated roles, should be subject to rigorous justification and approval processes.

3.62 We recommend NB Power regularly update the Board on program monitoring and ongoing outcomes.

Appendix I:

RECOMMENDATIONS AND RESPONSES

Par. #	Recommendation	NB Power's Response	Target Implementation Date
--------	----------------	---------------------	----------------------------

We recommend NB Power:

3.32	develop and implement adequate policies and procedures, reflective of best practices, pertaining to the information to be provided to decision makers to ensure high quality proposals in support of the decision-making process.	Agree NB Power will build on existing decision-making practices and incorporate governance and industry best practices to drive high-quality proposals in support of effective Board decision-making.	March 31, 2026
3.36	ensures compliance with the <i>Pensions Benefit Act</i> by notifying the administrator in a timely fashion, if they intend to significantly increase or reduce the number of members of the pension plan prior to program offering.	Agree In compliance with the <i>Pensions Benefit Act</i> , NB Power will notify the administrator if it intends to significantly increase or reduce the number of members of the pension plan prior to program offering. NB Power will also consult with the administrator to determine what constitutes a significant change in membership numbers.	September 30, 2025
3.40	obtain documented Board approval for significant changes made to previously approved initiatives.	Agree NB Power will obtain documented board approval for significant changes made to previously approved initiatives. NB Power will build this requirement into its governance model and its Board decision-making processes.	March 31, 2026

Par. #	Recommendation	NB Power's Response	Target Implementation Date
3.61	regularly monitor and review staffing changes to confirm adherence to this principle, assess the program's impact on service delivery, and evaluate overall organizational efficiency. Any deviations from the original intent, such as requests to refill vacated roles, should be subject to rigorous justification and approval processes.	<p>Agree</p> <p>NB Power will continue to monitor and review staffing changes, including all new positions requiring approval from the President & CEO and the Plan of Establishment undergoing rigorous review by the Energy and Utilities Board during General Rate Applications.</p> <p>NB Power will also ensure the President receives a bi-annual report on the status of the positions eliminated in the 2022/23 Workforce Reduction Program, and in any such program in the future, for a five-year period.</p>	September 30, 2025
3.62	regularly update the Board on program monitoring and ongoing outcomes.	<p>Agree</p> <p>Management will provide the Board, through its Human Resources committee, an annual report on the status of the positions eliminated in the 2022/23 Workforce Reduction Program for a five-year period to continue to demonstrate the sustained reduction in costs and benefit to ratepayers.</p> <p>As part of its annual planning process, management will provide the Board an update on its Plan of Establishment before submitting its General Rate Application to the Energy and Utilities Board.</p>	September 30, 2025

Appendix II:

Independent Information Report

This independent information report was prepared by the Office of the Auditor General of New Brunswick on NB Power and its early retirement program. This report is not an audit and does not express an audit opinion. Our responsibility was to provide objective information, to assist the Legislative Assembly in its scrutiny of NB Power with respect to this initiative. To ensure this report is credible, we obtained confirmation that the information to be reported is accurate from NB Power.

This report is conducted under the authority of the *Auditor General Act*. 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 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 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.

DATE OF THE REPORT:

We concluded our work on NB Power and its early retirement program on May 21, 2025, in Fredericton, New Brunswick.

NEW BRUNSWICK LEGAL AID
SERVICES COMMISSION

2025

Legal Aid Service Delivery

Chapter 4

Volume 1: Performance Audit
Independent Assurance Report

Table of Contents

Chapter 4 Highlights	52
About the Audit	54
Background	56
Established Eligibility Criteria	57
Financial Eligibility Criteria Not Reviewed in a Timely Fashion	59
Timely Processing of Legal Aid Applications	59
Financial Appeals Process Lacks Consistent Application	60
Lack of Financial Analysis in Business Case	62
Appendix I: Recommendations and Responses	64
Appendix II: Audit Objective and Criteria	66
Appendix III: Independent Assurance Report	67

New Brunswick Legal Aid Services Commission

LEGAL AID SERVICE DELIVERY



Chapter 4 Highlights

Consistent and timely processing of legal aid applications	Inconsistent application of financial appeals process	Lack of quantitative analysis for service delivery model
Financial eligibility criteria have not been reviewed since 2017		

OVERALL CONCLUSIONS:

Our audit work concluded that the New Brunswick Legal Aid Services Commission has systems and practices in place to ensure the efficient and effective delivery of criminal and family legal aid to eligible recipients in New Brunswick; however, improvements can be made in ensuring:

- the financial eligibility criteria are updated in a timely fashion
- a formalized appeals process is consistently applied
- cost comparisons are considered when developing the service delivery model

Results at a Glance

LEGAL AID SERVICE DELIVERY

Established eligibility criteria are accurately applied, and applications are processed in a timely manner



FINDINGS	
	Financial eligibility criteria not updated since 2017
	Lack of formalized financial appeals process
	Business case to support service delivery model lacks quantitative factors

About the Audit

INTRODUCTION TO THE AUDIT

- 4.1 The New Brunswick Legal Aid Services Commission (NBLASC) was established in 2005 and tasked with continuing the mandate of Legal Aid New Brunswick (1971) to provide certain criminal and family legal aid services to low-income individuals.
- 4.2 NBLASC is a publicly funded and accountable institution operating at arm's length from government and obtains its power from the *Legal Aid Act* and its General Regulation. It is governed by a board of directors and reports to the Legislature through the Department of Justice and Public Safety.

WHY WE CHOSE THIS TOPIC

- 4.3 Legal aid plays a vital role in ensuring low-income individuals are provided fair and equitable access to justice.
- 4.4 The provision of timely legal aid service delivery is an important component of the justice system. NBLASC reported providing full legal representation on 5,727 criminal and family cases in fiscal 2023-2024.

AUDITEE

- 4.5 Our auditee was the New Brunswick Legal Aid Services Commission.

AUDIT SCOPE

- 4.6 We examined the delivery of legal aid services in New Brunswick, focusing on eligibility criteria for full-service representation, timeliness, and whether services were provided with due regard to economy.
- 4.7 The audit covered the period from April 1, 2023, to December 31, 2024. Information outside of this period was also collected and examined as deemed necessary. As part of our work, we conducted interviews, reviewed relevant policy, legislation, annual reports, NBLASC intake application data, and conducted a jurisdictional scan of similar organizations.
- 4.8 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.

AUDIT OBJECTIVE

- 4.9** Our audit objective was to determine if the New Brunswick Legal Aid Services Commission has systems and practices in place to ensure the efficient and effective delivery of criminal and family legal aid to eligible recipients in New Brunswick.

CONCLUSION

- 4.10** Our audit work concluded that the New Brunswick Legal Aid Services Commission has systems and practices in place to ensure the efficient and effective delivery of criminal and family legal aid to eligible recipients in New Brunswick; however, improvements can be made in ensuring the financial eligibility criteria are aligned with NBLASC's overall mandate to serve low-income individuals, and legal aid services are provided with due regard to economy.

- 4.11** Overall findings are as follows:

- NBLASC has established eligibility criteria that are clearly communicated and consistently applied by intake staff in a timely manner
- financial eligibility criteria have not been reviewed since 2017
- the financial appeals process is informal and inconsistently applied
- the business case to support the current service delivery model did not include financial analysis

Background

- 4.12** The New Brunswick government established the Legal Aid Plan in 1971 signaling the beginning of legal aid services in the province. In 2005, the *Legal Aid Act* was amended to establish the New Brunswick Legal Aid Services Commission (NBLASC), which was tasked with continuing the delivery of legal aid services in New Brunswick.
- 4.13** NBLASC's mandate is to provide legal assistance to low-income individuals for certain criminal and family matters. Approval for legal aid services is based on two sets of eligibility criteria: scope-of-service, and financial need.
- 4.14** The provincial government is NBLASC's primary funder; however, it also receives funds from the federal government for criminal legal aid services and grants from the New Brunswick Law Foundation. For fiscal 2023-2024, NBLASC's budget was approximately \$14.2 million, of which \$13 million was provided by the province.
- 4.15** NBLASC operates within the framework of the *Legal Aid Act* and its General Regulation to determine scope of services and financial eligibility requirements for legal aid services within the province.
- 4.16** NBLASC employs a mixed model of staff and private counsel to deliver legal aid services throughout its eight regional offices in New Brunswick. Private counsel is paid in accordance with a schedule of fees contained in the General Regulation.
- 4.17** Legal aid applications are reviewed by NBLASC intake officers, who conduct a scope-of-service eligibility assessment, followed by a financial eligibility grid test.
- 4.18** NBLASC's scope of full-service representation includes:

Criminal Law Services	<ul style="list-style-type: none">• includes charges that impose a likelihood of incarceration
Family Law Services	<ul style="list-style-type: none">• child protection proceedings• child support• parenting orders (custody & access)• spousal support• divorce in some circumstances• some emergency protection and emergency intervention orders

Source: Created by AGNB based on information from NBLASC

- 4.19** Financial eligibility is determined based on an income grid, which defines income brackets by household size. Depending on the applicant's income and household size, if deemed eligible, the individual may be required to pay a contribution to their legal costs of either \$150 or \$250.

Established Eligibility Criteria

Criminal Legal Aid

- 4.20** Criminal legal aid is generally provided to individuals whose charges impose a likelihood of incarceration.
- 4.21** NBLASC does not consider likelihood of incarceration or financial information for young persons (including parental income). To be considered a "young person," the individual would have had to have been 19 years of age or younger at their first court appearance, pursuant to the *Youth Criminal Justice Act*.
- 4.22** Coverage is not extended to:
- individuals charged under the *Motor Vehicle Act* (unless there is a likelihood of incarceration or significant loss of livelihood)
 - any charges for driving while impaired
 - summary charges (less serious crimes); however, there are exceptions, such as if someone is charged with theft or fraud from an employer, assault on a police officer, assault on a domestic partner or children, and sexual assault

Family Legal Aid

- 4.23** Family legal aid is generally provided to individuals for all decision-making responsibility and parenting time (custody and access), child support, and spousal support, and emergency orders. Divorce is covered in cases where division of marital property is not at issue.

SCOPE OF SERVICE ACCURATELY APPLIED

- 4.24** We reviewed 68 cases to determine if the criminal legal aid and family legal aid eligibility criteria were appropriately applied. We found, in all cases, intake officers correctly applied the scope-of-service criteria.

FINANCIAL ELIGIBILITY GRID ACCURATELY APPLIED

- 4.25** NBLASC uses a tiered financial eligibility grid. This grid is included in the *Legal Aid Act* General Regulation and considers gross income, allowable deductions, and household size.
- 4.26** For example, an applicant with a household size of three and gross annual income of \$25,000 would qualify as Tier 2 and would be required to contribute \$150 toward the cost of their legal aid services.

**Eligibility and Contribution Based on Gross Annual Income
(after allowable deductions)**

Household Size	Tier 1 No Contribution	Tier 2 \$150	Tier 3 \$250	Tier 4 Not eligible
1	\$0 – 14,400	\$14,401 – 22,800	\$22,801 – 31,200	\$31,201+
2	\$0 – 21,600	\$21,601 – 33,600	\$33,601 – 45,600	\$45,601+
3	\$0 – 22,800	\$22,801 – 34,800	\$34,801 – 46,800	\$46,801+
4	\$0 – 24,000	\$24,001 – 37,200	\$37,201 – 50,400	\$50,401+
5	\$0 – 25,200	\$25,201 – 39,600	\$39,601 – 54,000	\$54,001+
6+	\$0 – 27,600	\$27,601 – 42,000	\$42,001 – 56,400	\$56,401+

Source: General Regulation – Legal Aid Act

- 4.27** We reviewed 68 cases to determine if the financial eligibility grid was appropriately applied. We found, in all cases, intake officers correctly applied the established financial eligibility grid.

Financial Eligibility Criteria Not Reviewed in a Timely Fashion

- 4.28** NBLASC's mandate is to provide certain criminal and family legal aid services to low-income individuals. The *Legal Aid Act* also states under its Guiding Principles, at section 2(c), "*legal aid services should be accessible so that those in need of the services may make use of them with ease*".
- 4.29** The current financial eligibility grid was recommended by an NBLASC working group in 2014 and officially adopted in 2017 by an amendment to the *Legal Aid Act* General Regulation. There has been no formal review or update since that time.
- 4.30** Lack of timely review of the eligibility grid may contribute to the risk that NBLASC may not be fulfilling its mandate to serve low-income individuals as intended.

Recommendation

- 4.31** We recommend the New Brunswick Legal Aid Services Commission establish and implement a review process for the financial eligibility grid to ensure it's fulfilling its mandate as intended.

Timely Processing of Legal Aid Applications

- 4.32** The *Legal Aid Act* states, under its Guiding Principles, at section 2(f), "*legal aid services should be delivered in a timely fashion to allow for the early resolution of legal issues*."

- 4.33** We evaluated time from initial application to eligibility decision to determine if legal aid services were provided in a timely manner by NBLASC. We excluded time from lawyer assignment to case closed, as the schedule of court appearances is outside NBLASC's control.
- 4.34** In evaluating days to eligibility decision, we found NBLASC has operated in a timely manner with 84% approved or denied for full legal aid representation within a week. Additionally, 77% were assigned a lawyer within a week.

Financial Appeals Process Lacks Consistent Application

- 4.35** Financial ineligibility is the most common reason for denying an application, however, there is no policy or legislation that defines the financial appeals process. In addition, NBLASC has not developed a comprehensive appeals process policy and procedures document that would outline various factors to consider when an appeal is filed.
- 4.36** The *Legal Aid Act* :
- section 27(3.1) states, "... an employee may depart from the rules for determining financial eligibility with the prior approval of the Executive Director".
 - section 13.1(1) states, "*The Executive Director may delegate in writing his or her powers or duties under this Act or the regulations to an employee.*"
- 4.37** During our audit, we were informed that the Executive Director provided verbal delegation of authority to the director level to adopt an informal financial appeals process where an applicant with income of up to 10% more than the top of Tier 3 may be eligible for legal aid services.
- 4.38** We examined NBLASC's intake application data from April 2023 to December 2024 and found 498 of 8,717 applications (6%) were deemed financially ineligible by an intake officer.

4.39 Of the 498 denied applicants, 140 (28%) of these decisions were appealed. We found there was inconsistent application of the informal financial appeals process and noted:

- 14 applicants were approved with an income of more than 10% above the threshold
- 15 applicants were denied despite their income being within 10% of the threshold

4.40 Of the 358 applicants who were denied services based on financial eligibility, but did not appeal, 70 were within the 10% threshold. Had they appealed, they would have qualified for legal aid services under the informal appeals process.

4.41 Lack of formal policy and training may contribute to the risk of inconsistent treatment of applicants.

Recommendations

4.42 We recommend the New Brunswick Legal Aid Services Commission comply with the *Legal Aid Act* and ensure delegations from the Executive Director to employees are in writing.

4.43 We recommend the New Brunswick Legal Aid Services Commission formalize the financial appeals process and provide training to ensure fair and equitable access to legal aid services.

Lack of Financial Analysis in Business Case

- 4.44** NBLASC employs a mixed model of staff and private counsel to deliver legal aid services. Private counsel are paid in accordance with a schedule of fees, outlined in the *Legal Aid Act General Regulation*, which corresponds with their number of years of experience.
- 4.45** NBLASC's 2023-2024 annual report highlights the cost of service for staff counsel and private counsel. Based on NBLASC's data, we noted the hourly rates (including all fees from private counsel) to be as follows:

SERVICE	STAFF COUNSEL	PRIVATE COUNSEL
Criminal Defence Counsel	\$198	\$100
Major Criminal Cases	NA*	\$106
Family Legal Aid	\$296	\$83

*NBLASC uses exclusively private counsel for Major Criminal Cases
Source: Created by AGNB based on NBLASC annual report data

- 4.46** From our review of business cases prepared by NBLASC and our interviews with senior management, we determined the preferred staffing model is staff counsel over private counsel; however, the business cases did not include cost comparisons.
- 4.47** NBLASC's business case for an all-staff model includes several qualitative components that outline reasons why staff counsel is preferred by NBLASC, including "*time to have meaningful discussions with the individuals charged*" and increased likelihood of settlement prior to court appearance; however, no business cases prepared by NBLASC contain a quantitative assessment of the economic impact of choosing staff counsel over private counsel.
- 4.48** Additionally, NBLASC has not monitored their stated qualitative benefits of using staff counsel to determine if such benefits were actually realized.

4.49 NBLASC has not established expected costs per type of case for either staff or private counsel. We compared private counsel fee structures across eight provincial jurisdictions (New Brunswick, Nova Scotia, Newfoundland and Labrador, Ontario, British Columbia, Alberta, Saskatchewan and Manitoba) and found New Brunswick is the only jurisdiction without an established cost per case type or maximum hours private counsel can be paid for legal services.

Recommendations

4.50 We recommend the New Brunswick Legal Aid Services Commission include financial analysis in the determination of a service delivery model.

4.51 We recommend the New Brunswick Legal Aid Services Commission monitor the achievement of expected qualitative benefits pertaining to the use of staff counsel.

4.52 We recommend the New Brunswick Legal Aid Services Commission develop an expected hours and associated cost per service to ensure value for money is achieved.

Appendix I:

RECOMMENDATIONS AND RESPONSES

Par. #	Recommendation	Entity's Response	Target Implementation Date
--------	----------------	-------------------	----------------------------

We recommend the Legal Aid Services Commission:

4.31	establish and implement a review process for the financial eligibility grid to ensure it's fulfilling its mandate as intended.	Agree Will require some time to provide proper analysis	Year 2
4.42	comply with the <i>Legal Aid Act</i> and ensure delegations from the Executive Director to employees are in writing.	Agree Completed – Delegation letters to both Director of Family Law Services and Criminal Law services sent April 16th 2025	completed
4.43	formalize the financial appeals process and provide training to ensure fair and equitable access to legal aid services.	Agree	Year 1
4.50	include financial analysis in the determination of a service delivery model.	Agree Will provide with all future service delivery model requests as discussed.	

Par. #	Recommendation	Entity's Response	Target Implementation Date
4.51	monitor the achievement of expected qualitative benefits pertaining to the use of staff counsel.	Agree We monitor resolution rates for staff lawyers in criminal matters related to our new service delivery model and report quarterly to the Board and we can implement a similar analysis for the child protection model and in private family law representations. However for the most part, family files will often have both staff counsel and private bar counsel on a same matter if two parties qualify for legal aid but are in a conflict and require separate counsel.	ongoing
4.52	develop an expected hours and associated cost per service to ensure value for money is achieved	Agree	By year 3

Appendix II:

Audit Objective and Criteria

The objective and criteria for our audit of the New Brunswick Legal Aid Services Commission (NBLASC) are presented below. The NBLASC and its senior management reviewed and agreed with the objective and associated criteria.

Objective	To determine if the New Brunswick Legal Aid Services Commission has systems and practices in place to ensure the efficient and effective delivery of criminal and family legal aid to eligible recipients in New Brunswick.
Criterion 1	NBLASC has established eligibility criteria that are clearly communicated, consistently applied, and are aligned with the overall mandate.
Criterion 2	NBLASC should ensure Legal Aid Services are provided in a timely manner.
Criterion 3	NBLASC should ensure Legal Aid Services are provided with due regard to economy.

Appendix III:

Independent Assurance Report

This independent assurance report was prepared by the Office of the Auditor General of New Brunswick (AGNB) on the New Brunswick Legal Aid Services Commission (NBLASC) and its delivery of legal aid services. Our responsibility was to provide objective information, advice, and assurance to assist the Legislative Assembly in its scrutiny of the NBLASC with respect to legal aid 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.

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 April 1, 2023, to December 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 21, 2025 in Fredericton, New Brunswick.