



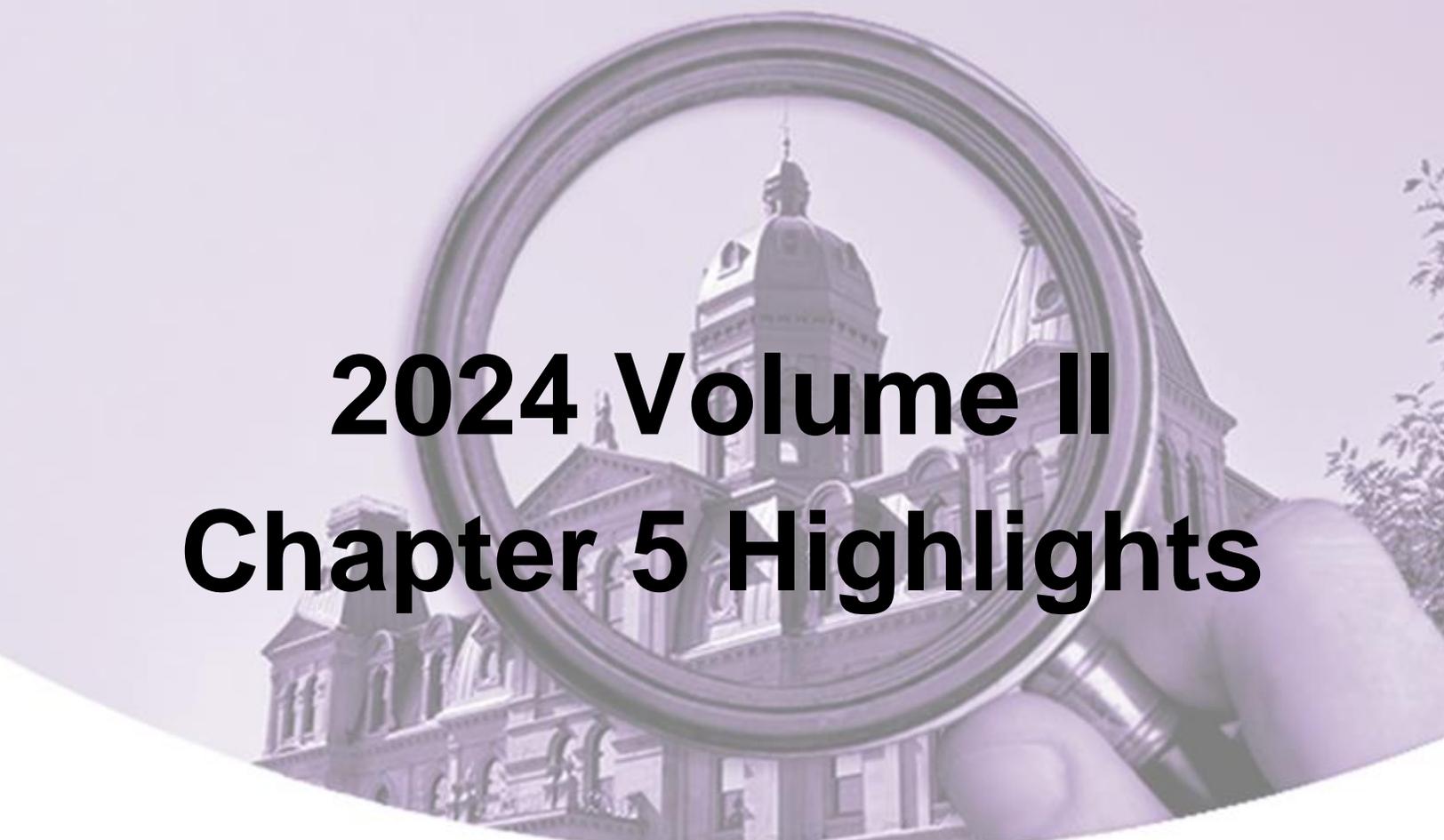
December 2024

# Status Report on Implementation of Performance Audit Recommendations



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# 2024 Volume II Chapter 5 Highlights

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

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

## Results at a Glance

### % of Recommendations Implemented

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

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

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

## Background

### Follow-Up Work Process

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

## Implementation of 2020 Recommendations

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

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

Volume I, Chapter 2

#### Chapter Background

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

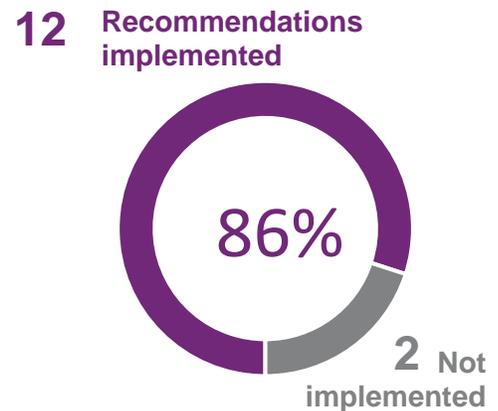
**5.8** In our 2020 report, we found improvements were required in the following areas:

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

**5.9** We made 14 recommendations to EECD.

#### 2024 Implementation Status

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



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

Volume I, Chapter 3

### Chapter Background

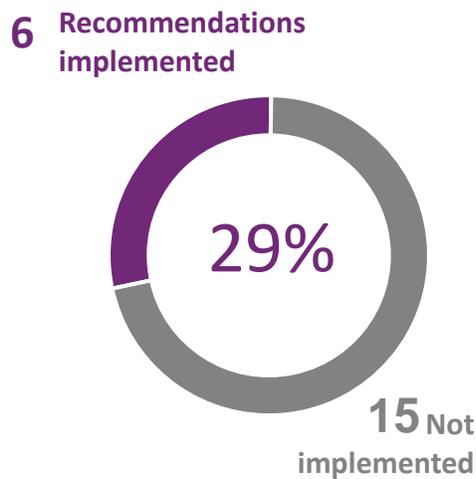
**5.11** Our audit objectives were to determine whether the Department of Health’s governance structures and processes established for EM/ANB set a framework for effective oversight; and whether EM/ANB’s contract for ambulance services is designed and managed to achieve expected objectives.

**5.12** In our 2020 report, we found improvements were required in the government’s legislative framework and governance structure for ambulance services and its contract with Medavie Health Services New Brunswick.

**5.13** We made 21 recommendations.

### 2024 Implementation Status

**5.14** 29% of our recommendations have been implemented.



## 2008 Timber Royalties – Department of Natural Resources and Energy Development

Volume I, Chapter 4

### Chapter Background

- 5.15** Our objective of this follow-up review was to determine if the Department of Natural Resources and Energy Development had fully implemented four recommendations made in our 2008 Office of the Auditor General report chapter 5 entitled “*Department of Natural Resources – Timber Royalties*”.
- 5.16** In our 2020 report, we found improvements remained in collection and utilization of data in the crown timber royalty rate-setting process.
- 5.17** We made eight recommendations.

### 2024 Implementation Status

- 5.18** 100% of our recommendations have been implemented.

**8** Recommendations implemented



## Electronic Medical Record Program – Department of Health

Volume II, Chapter 2

### Chapter Background

**5.19** The objectives of this audit were to determine:

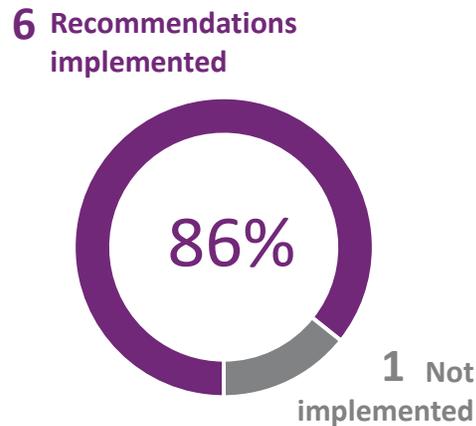
- if the Provincial Electronic Medical Record (EMR) program was implemented as intended and has achieved its planned outcomes
- if the Department of Health monitored EMR funding to mitigate risk to the taxpayer and to ensure compliance with the funding agreements

**5.20** In our 2020 report, we found improvements were required in government's oversight over the EMR program funding and implementation.

**5.21** We made seven recommendations.

### 2024 Implementation Status

**5.22** All but one recommendation has been implemented.

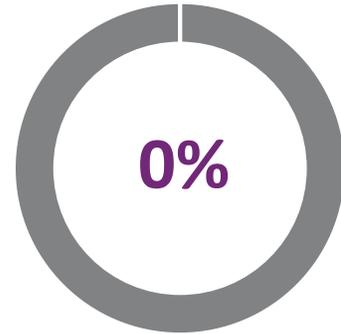


## NB Power Debt Challenges

Volume II, Chapter 3

### Chapter Background

- 5.23** In this chapter, we examined a 10-year trend analysis on NB Power’s key financial ratios related to debt. We also compared these NB Power ratios to relevant peer utilities in Canada and reviewed New Brunswick’s regulatory environment.
- 5.24** In our 2020 report we found improvements were required to NB Power’s debt reduction plan and forecasting process.
- 5.25** We made two recommendations.



**2** Recommendations  
Not implemented

### 2024 Implementation Status

- 5.26** None of our recommendations have been implemented.

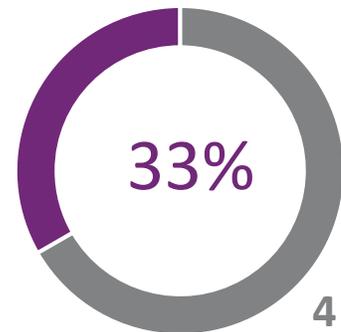
## Update on Nursing Home Planning and Aging Strategy – Department of Social Development

Volume II, Chapter 4

### Chapter Background

- 5.27** In this chapter, we assessed the implementation status of the recommendations made in our 2016 report to the Department of Social Development on Nursing Homes.
- 5.28** In our 2020 report, we found improvements were required in the implementation of government’s nursing home plans, the Aging Strategy and public reporting.
- 5.29** We made six recommendations.

**2** Recommendations  
implemented



**4** Not  
implemented

### 2024 Implementation Status

- 5.30** 33% of our recommendations have been implemented.

## Auditor General’s Access to Vestcor Significantly Limited

Volume II, Chapter 5

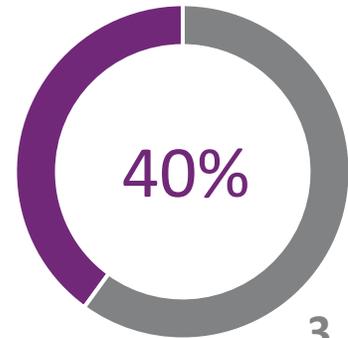
### Chapter Background

**5.31** The purpose of this chapter was to inform the Legislative Assembly of the difficulties we faced when trying to gain access to information at Vestcor.

**5.32** In our 2020 report, we found limitations in access to critical information, which raised concerns about transparency and accountability in the management of public pension funds.

**5.33** We made five recommendations.

**2 Recommendations implemented**



**3 Not implemented**

### 2024 Implementation Status

**5.34** 40% of our recommendations have been implemented.

### Conclusion

**5.35** We encourage the Public Accounts Committee to hold the departments, commissions, and crown agencies accountable for the recommendations that have not been implemented as noted in Appendix II.

## Appendix I: About our Status Report

The Status Report on Implementation of Performance Audit Recommendations is not an audit and does not express an audit opinion. Management is responsible for implementing our recommendations from past performance audits. To ensure this report is credible, we obtained confirmation from departments, commissions, and crown agencies that the information to be reported is accurate and complete.

This report is conducted under the authority of the *Auditor General Act*. In conducting our work, we have complied with the independence and other ethical requirements of the Rules of Professional Conduct of Chartered Professional Accountants of New Brunswick and the Code of Professional Conduct of the Office of the Auditor General of New Brunswick. Both codes are founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality, and professional behaviour.

**Period covered by the status report:**

2020, 2021 and 2022

**Date of the status report:**

We concluded our work on the Status Report on Implementation of Performance Audit Recommendations on November 27, 2024, in Fredericton, New Brunswick.

## Appendix II: Recommendations from 2020 Chapters Not Implemented

### School Infrastructure Planning

#### Department of Education and Early Childhood Development and School Districts

2020, Volume I, Chapter 2

2.116	We recommend the Department, in consultation with school districts, develop and maintain a centralized asset inventory that contains details of all major facility components to support the Department’s capital planning.
2.117	We recommend the Department develop and enforce data collection standards and requirements for the uniform collection and aggregation of facility data across all school districts.

### Ambulance Services

#### Department of Health & EM/ANB Inc.

2020, Volume I, Chapter 3

3.51	We recommend the Department formalize the mandate and governance for EM/ANB in legislation and provide mandate letters to EM/ANB with the annual budget approval.
3.70	We recommend EM/ANB enabling legislation to strengthen and clarify board authority with respect to hiring, compensation, performance and termination of the CEO.
3.71	We recommend the board hire an independent CEO upon future contractual amendment or renegotiation.
3.77	We recommend the board evaluate EM/ANB’s annual corporate plans as part of its review of the CEO and MHSNB’s performance and compare them to EM/ANB’s annual report and obligations to the Department.
3.78	We recommend the board establish a performance management framework for EM/ANB and evaluate its performance annually.
3.103	We recommend EM/ANB calculate budget surplus payments based on flexible budget amounts which reflect the anticipated spending for the fiscal year.
3.108	We recommend the board define restrictions around budget surplus payments to exclude circumstances which may decrease the quality of the delivery of ambulance services.
3.135	We recommend EM/ANB introduce a more balanced suite of key performance indicators as the basis for performance-based payments to incentivize MHSNB toward high performance in all New Brunswick communities.
3.152	We recommend the Department and EM/ANB introduce controls to minimize the frequency of use of full deployment exemptions or discontinue the use of exemptions.
3.153	We recommend the EM/ANB board require MHSNB revise the System Status Plan to update the detailed specifications as to the ambulances, facilities and human resources required to be deployed to achieve performance standards.
3.163	We recommend the Department and EM/ANB revise the exemption approval guide to prevent the invalid use of full deployment exemptions or discontinue the use of exemptions.

3.191	We recommend the board implement progressive performance targets to incentivize MHSNB to achieve continuous improvement for the duration of the contract.
3.192	We recommend EM/ANB improve tracking, and follow-up of strategic and corporate initiatives and include measurable outcomes in its plans.
3.193	We recommend the board expand key performance indicators for performance-based payments to include all areas of operations, such as human resources, fleet and official languages.
3.206	We recommend the Executive Council Office review the Conflict-of-Interest Regulation under the <i>Conflict of Interest Act</i> and amend the regulation to include all relevant Crown corporations in Schedule A, including EM/ANB Inc.

### Electronic Medical Record Program

#### Department of Health

2020, Volume II, Chapter 2

2.61	We recommend the Department of Health ensure regular audits are carried out on future programs to evaluate achievement of program outcomes and funding recipients' compliance with funding terms.
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### NB Power Debt Challenges

2020, Volume II, Chapter 3

3.59	<p>We recommend NB Power prioritize debt reduction by developing a firm and well-defined debt management plan to achieve the mandated debt to equity target by 2027. The plan should comprise:</p> <ul style="list-style-type: none"> <li>• achievable annual key performance indicators (KPI) including a debt reduction amount and debt to equity ratio; and</li> <li>• a requirement to report annually within NB Power's annual report:             <ol style="list-style-type: none"> <li>i. any deviation from the annual KPIs;</li> <li>ii. reasons if KPIs are not met; and</li> <li>iii. an adjusted action plan to reach 2027 target date.</li> </ol> </li> </ul>
3.84	We recommend NB Power, to improve its forecasting process, quantify the impact of likely uncertainties in the 10 Year Plan, such as fuel prices, hydro flow, Point Lepreau capacity factor, weather events, etc.

Update on Nursing Home Planning and Aging Strategy  
 Department of Social Development  
 2020, Volume II, Chapter 4

4.46	We continue to recommend the Department of Social Development evaluate whether there is an economic benefit to providing nursing home beds under the for-profit operated model versus the traditional model. This should include a comparison of actual costs and quality of service.
4.73	We recommend the Department of Social Development develop performance indicators with specific targets for each action item under the Aging Strategy, in collaboration with relevant stakeholders.
4.74	We recommend the Department of Social Development develop a formal process for monitoring action items under the Aging Strategy and verifying implementation.
4.88	We recommend the Department of Social Development publicly report actual outcomes compared to planned or expected outcomes under the Aging Strategy and the Nursing Home Plan. Reporting should provide explanations for gaps between plans and results.

Auditor General's Access to Vestcor Significantly Limited  
 2020, Volume II, Chapter 5

5.9	We recommend the Minister of Finance and Treasury Board propose the <i>Auditor General Act</i> be amended to list Vestcor (and all related entities) as auditable entities to ensure the Auditor General has unrestricted access to conduct both performance and financial audits as the Auditor General deems necessary.
5.10	We recommend the Minister of Finance and Treasury Board under section 12 of the <i>Auditor General Act</i> , request the Auditor General conduct a performance audit of Vestcor (and all related entities) that includes unrestricted access to Vestcor by the Auditor General.
5.12	We recommend the Minister of Finance and Treasury Board propose the <i>Vestcor Act</i> be amended to require Vestcor (and all related entities) to: <ul style="list-style-type: none"> <li>- file an annual report with the Clerk of the Legislative Assembly; and</li> <li>- appear before the Public Accounts Committee.</li> </ul>

**NOTE: All recommendations from our 2021 chapters have been self-reported as implemented.**

## Appendix III: Recommendations from 2022 Chapters Not Implemented

### Liquor Industry Development in New Brunswick – New Brunswick Liquor Corporation 2022, Volume I, Chapter 2

2.44	<p>We recommend the New Brunswick Liquor Corporation develop a communications and engagement plan for its interaction with local producers to establish:</p> <ul style="list-style-type: none"> <li>• terms of engagement with local producers;</li> <li>• objectives and targets against which to measure the effectiveness of local producer engagement; and</li> <li>• required monitoring and reporting on the effectiveness of local producer engagement in developing the local liquor industry.</li> </ul>
2.92	<p>We recommend the New Brunswick Liquor Corporation complete a comprehensive review and update of its pricing strategy and mark-up structure to ensure:</p> <ul style="list-style-type: none"> <li>• all product listing status types are included;</li> <li>• the process, decision criteria and documentation requirements for special agreements outside the standard mark-up structure are clearly included; and</li> <li>• business practices align with the pricing strategy, the mark-up structure, and the purposes prescribed in the <i>New Brunswick Liquor Corporation Act</i>.</li> </ul>

### Oversight of the Employee Health and Dental Benefit Plan – Department of Finance and Treasury Board 2022, Volume I, Chapter 3

3.32	We recommend FTB re-evaluate the Plan’s operational structure to determine whether there is a more effective governance model.
3.48	We recommend the Department of Finance and Treasury Board develop and implement a cost containment strategy to stabilize costs while ensuring future sustainability of the Plan.
3.53	We recommend the Department of Finance and Treasury Board in consultation with Standing Committee on Insured Benefits, establish a risk management process, including an independent assessment of third-party risk management practices.
3.62	We recommend the Department of Finance and Treasury Board evaluate whether the Plan administration contract with Vestcor provides best value for money, such as by completing an RFI for Vestcor’s services.
3.65	<p>We recommend the Department of Finance and Treasury Board in collaboration with Standing Committee on Insured Benefits:</p> <ul style="list-style-type: none"> <li>• Clarify the cost allocation among the different benefit plans administered by Vestcor; and</li> <li>• Ensure Vestcor expenditures are eligible and accurate prior to payment.</li> </ul>
3.72	We recommend the Department of Finance and Treasury Board in collaboration with Standing Committee on Insured Benefits, establish and communicate performance objectives with specific metrics to measure Plan performance, including third-party contracts.

3.80	We recommend the Department of Finance and Treasury Board analyze claims data periodically to identify: <ul style="list-style-type: none"> <li>• unusual claim patterns; and</li> <li>• suspected fraud or other types of anomalies.</li> </ul>
3.85	We recommend the Department of Finance and Treasury Board benchmark Plan performance against relevant industry benefit data.

**Contaminated Sites - Department of Environment and Local Government**  
2022, Volume II, Chapter 2

2.31	We recommend the Department of Environment and Local Government make more contaminated sites information readily available to the public on its website.
2.54	We recommend the Department of Environment and Local Government <ul style="list-style-type: none"> <li>• create a plan and establish a timeline to process all outstanding open contaminated site files; and</li> <li>• periodically review the plan against actual results to ensure work will be completed according to the timeline.</li> </ul>
2.61	We recommend the Department of Environment and Local Government standardize the information recorded in the Occurrence Database by Regional Inspectors across the province.
2.72	We recommend the Department of Environment and Local Government <ul style="list-style-type: none"> <li>• create performance targets for the occurrence process and compare actual results against performance targets on a regular basis; and</li> <li>• publicly report on the performance metrics of the occurrence process.</li> </ul>

**Environmental Trust Fund – Department of Environment and Local Government**  
2022, Volume II, Chapter 3

3.35	We recommend the Department of Environment and Local Government: <ul style="list-style-type: none"> <li>• identify a single authority with the responsibility for overseeing the administration of the Environmental Trust Fund (ETF); and</li> <li>• develop Terms of Reference document to clarify and define the roles, responsibilities and expectations of the Advisory Board.</li> </ul>
3.40	We recommend the Department of Environment and Local Government <ul style="list-style-type: none"> <li>• develop a strategy and annual plans for the ETF, with clearly defined objectives, performance measures and targets; and</li> <li>• link the annual budget to program objectives as part of ongoing annual planning.</li> </ul>
3.76	We recommend the Department of Environment and Local Government measure and report the expected and actual results for all projects funded by the ETF.