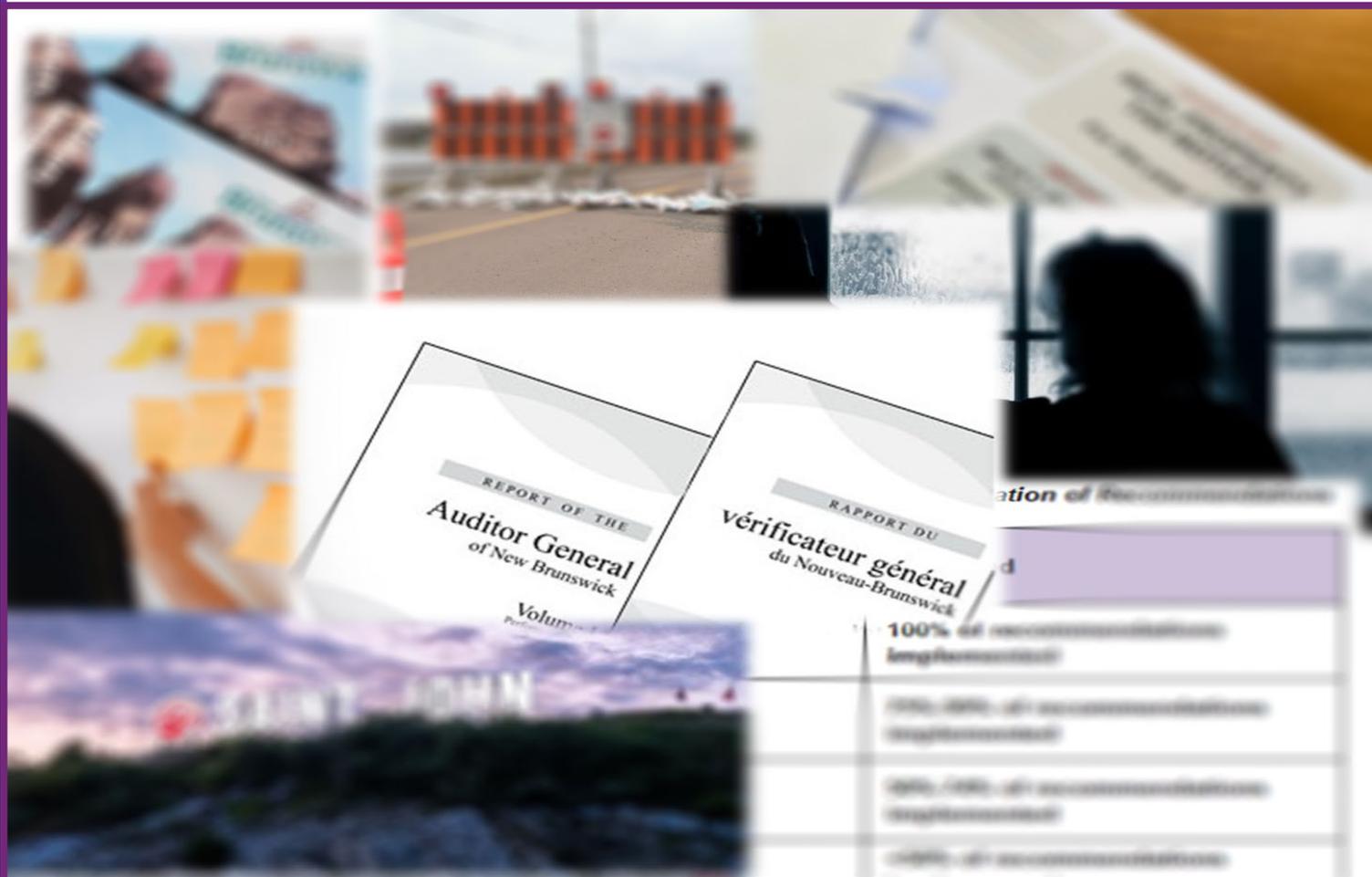


# Status Report on Implementation of Performance Audit Recommendations



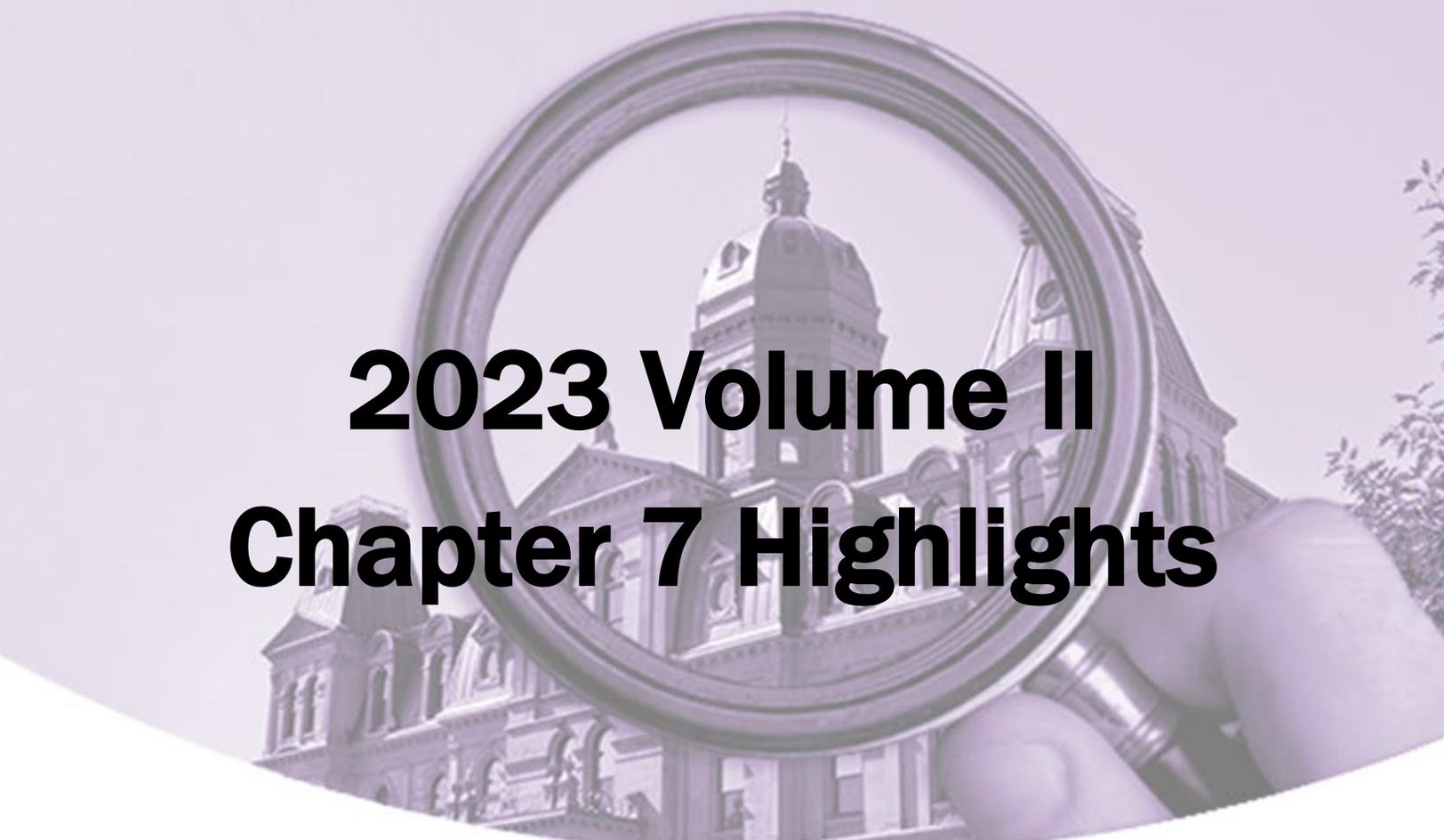


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# 2023 Volume II Chapter 7 Highlights

This chapter is a tool for the Public Accounts Committee (PAC) and the public to hold government departments and Crown Agencies accountable for prior recommendations by the Office of the Auditor General.

**A detailed review found that 55% of our recommendations from 2019 audits have been implemented**

**Entities have self-reported they have implemented 63% of our recommendations from 2020 and 2021 reports**

## Follow-Up Work Includes

- 7.1 This year's follow-up chapter reports on implementation of recommendations from 2019 - 2021.

## Detailed Follow-Up on Recommendations From 2019

- 7.2 Departments and chapters:



Department of Health – Medicare Cards

<https://www.agnb-vgnb.ca/content/dam/agnb-vgnb/pdf/Reports-Rapports/2019V1/Chap2e.pdf>



Department of Transportation and Infrastructure – Outsourcing of Highway Maintenance and Construction Work

<https://www.agnb-vgnb.ca/content/dam/agnb-vgnb/pdf/Reports-Rapports/2019V1/Chap3e.pdf>



Department of Finance – Overdue Property Tax: Collections and Forgiveness

<https://www.agnb-vgnb.ca/content/dam/agnb-vgnb/pdf/Reports-Rapports/2019V1/Chap4e.pdf>



Executive Council Office – City of Saint John Funding Agreement: Special Review

<https://www.agnb-vgnb.ca/content/dam/agnb-vgnb/pdf/Reports-Rapports/2019V1/Chap5e.pdf>



Department of Post-Secondary Education, Training, and Labour – Provincial Funding to Universities and Maritime College of Forest Technology

<https://www.agnb-vgnb.ca/content/dam/agnb-vgnb/pdf/Reports-Rapports/2019V2/Chap2e.pdf>



Department of Social Development – Group Homes and Specialized Placements

<https://www.agnb-vgnb.ca/content/dam/agnb-vgnb/pdf/Reports-Rapports/2019V2/Chap3e.pdf>

- 7.3 Full access to our reports is available on our website: [www.agnb-vgnb.ca](http://www.agnb-vgnb.ca)

## About the Follow-Up Process

- 7.4 We do not provide an update in the year following the initial publication of our report as we provide the departments and agencies the opportunity to act on our recommendations.
- 7.5 In years two and three, we rely on self-reported implementation assessments received by departments and agencies.
- 7.6 In year four, the office conducts a detailed review to determine the implementation status of recommendations.

## Overview of 2019 Implementation Status

### Implementation Snapshot

- 7.7 We performed detailed work and noted implementation rates ranged from 25% to 100%. We will continue to work with departments to encourage implementation.

#### **Exhibit 7.1 Status of Implementation of Recommendations**

Department	Report	Percentage Implemented
Health	<i>Medicare Cards</i>	25%
Transportation and Infrastructure	<i>Outsourcing of Highway Maintenance and Construction Work</i>	71%
Finance and Treasury Board	<i>Overdue Property Tax: Collections and Forgiveness</i>	100%
Executive Council Office and Finance and Treasury Board	<i>City of Saint John Funding Agreement: Special Review</i>	83%
Post-Secondary Education, Training and Labour and Legislative Assembly	<i>Provincial Funding to Universities and MCFT</i>	73%
Social Development	<i>Group Homes and Specialized Placements</i>	38%

## Overview of 2019 Recommendation Implementation Status by Subject and Entity

<b>Status of Implementation of Recommendations by Subject and Entity</b>		
<b>Entity and Subject</b>	<b>Total</b>	<b>Percentage Implemented</b>
<b>Medicare Cards</b>		
Health	16	25%
<b>Outsourcing of Highway Maintenance and Construction Work</b>		
Transportation and Infrastructure	7	71%
<b>Overdue Property Tax: Collections and Forgiveness</b>		
Finance and Treasury Board	6	100%
<b>City of Saint John Funding Agreement: Special Review</b>		
Executive Council Office	4	100%
Finance and Treasury Board	1	0%
Executive Council Office and Finance and Treasury Board	1	100%
<b>Provincial Funding to Universities and MCFT</b>		
Post-Secondary Education, Training, and Labour	10	70%
Legislative Assembly	1	100%
<b>Group Homes and Specialized Placements</b>		
Social Development	16	38%
<b>Total</b>	<b>62</b>	<b>55%</b>

## Detailed Review of Implementation Status of Recommendations

Department of Health – Medicare Cards (2019, Vol. I, Ch.2)	
AGNB Recommendations Not Implemented	
7.8	Medicare work with the Government of Canada to expedite the receipt of documentation required to process applications for a Medicare card for new immigrants residing in New Brunswick.
7.9	Medicare analyze whether it would achieve a positive payback by investing additional resources in identifying individuals with a NB Medicare card who have become ineligible. If Medicare determines there are benefits to doing more in this area, it should enhance its processes for monitoring the continued eligibility of cardholders.
7.10	Medicare determine if the anticipated cost savings from moving to an automatic Medicare card renewal process were achieved, and whether those cost savings are sufficient to offset the additional risk associated with adopting that process.
7.11	If the savings achieved by the change the change were not sufficient to offset the additional risks it has taken on, Medicare reverse the automatic renewal process.
7.12	Regardless of the renewal process it employs, we recommended Medicare develop procedures to verify mailing addresses before sending out renewal documents in the future.
7.13	Medicare evaluate associated risks as well the necessity of having two private organizations contracted to produce and distribute Medicare Cards instead of one.
7.14	Medicare, as a minimum, add photo identification to NB Medicare cards to enhance card security.

**AGNB Recommendations Not Implemented**

- |      |  |
|------|--|
| 7.15 | Medicare provide information on its website as to the circumstances in which the public should report suspected cases of inappropriate use of Medicare cards, and how that reporting should be done. Fully addressing this area would likely require Medicare to develop and promote a direct tip line.  |
| 7.16 | Medicare assign responsibility for following up on any tips received.  |
| 7.17 | Medicare negotiate a reciprocal billing arrangement with the Province of Quebec, based upon the arrangements now in place between New Brunswick and other provinces.   |
| 7.18 | Medicare’s contracts with Service New Brunswick and Medavie Blue Cross be amended to include performance metrics and related reporting requirements.   |
| 7.19 | <p>Medicare should:</p> <ul style="list-style-type: none"> <li>• develop key performance indicators to allow assessment of Medicare performance</li> <li>• set performance targets and measure actual results against those targets</li> <li>• publicly report the results on an annual basis</li> </ul> |

## Department of Transportation and Infrastructure (DTI) – Outsourcing of Highway Maintenance and Construction Work (2019, Vol. I, Ch.3)

### AGNB Recommendations Not Implemented

- 7.20 DTI record, track and regularly report on the extent and composition of outsourced maintenance and construction work.
- 7.21 DTI source capital equipment through the most cost-effective means as demonstrated by a business case analysis.

## Executive Council Office (ECO) – City of Saint John Funding Agreement – Special Review (2019, Vol. I, Ch.5)

### AGNB Recommendations Not Implemented

- 7.22 Treasury Board Secretariat/ provincial Comptroller review and update the Financial Administration Act to:
- Modernize the Act with respect to payments, accruals and conformance with Public Sector Accounting Standards
  - Increase clarity for key financial officers processing payments throughout government to know if proper budget authority exists
  - Provide for budget appropriations for multi-year agreements at the time in which funds are legally committed

**Department of Post-Secondary Education, Training, and Labour (PETL)  
– Provincial Funding to Universities and Maritime College of Forest  
Technology (2019, Vol. II, Ch.2)**

**AGNB Recommendations Not Implemented**

- |      |  |
|------|--|
| 7.23 | <p>PETL, as a minimum, implement the following accountability mechanisms for university funding:</p> <ul style="list-style-type: none"> <li>• Establish measurable outcomes</li> <li>• For initiatives or areas of interest, establish working committees who report annually to the Minister on progress and achievement of objectives</li> <li>• Use key performance indicators</li> <li>• Require annual reporting to the Minister using a standard template</li> <li>• Require executive compensation contracts be publicly available</li> </ul> |
| 7.24 | <p>PETL report publicly on the outcomes achieved from the funding provided to universities and MCFT.</p>   |
| 7.25 | <p>PETL obtain assurances from the universities that the restrictions or conditions on the use of unrestricted funds have been complied with. For example, this could be achieved by requiring a certification from the head of the institution and a senior financial representative or by requesting a compliance opinion from the universities' auditors.</p>   |

## Department of Social Development (SD) – Group Homes and Specialized Placements (2019, Vol. II, Ch.3)

### AGNB Recommendations Not Implemented

- |      |  |
|------|--|
| 7.26 | <p>SD:</p> <ul style="list-style-type: none"> <li>• include in their standards, specific key performance indicators for each standard</li> <li>• set a minimum level of performance in line with the performance indicator(s) specified</li> <li>• update monitoring procedures to include guidance in measuring the performance indicator(s) for each standard</li> </ul> |
| 7.27 | <p>SD integrate key procedures, guidelines, policies and standards into their current and future standards.</p>  |
| 7.28 | <p>SD revise the:</p> <ul style="list-style-type: none"> <li>• Children’s Residential Services Practice Standards for Child in Care Residential Centres</li> <li>• Children’s Residential Centre Service Standards for Operators to increase integration with policies, guidelines, procedures and other mandatory standards</li> </ul>                                    |
| 7.29 | <p>SD develop and implement a documented strategy to address group home capacity and service delivery challenges facing the Province. This strategy must align with current Provincial child welfare strategies.</p>   |
| 7.30 | <p>SD:</p> <ul style="list-style-type: none"> <li>• forecast regional and provincial demand for placement services</li> <li>• standardize resource planning procedures to be used by regions and implemented provincially</li> </ul>   |

**AGNB Recommendations Not Implemented**

- 7.31 SD:
- ensure required training is completed in regional offices, group homes and specialized placement facilities before caseloads are assigned to personnel
  - provide cultural awareness training across regional offices, group homes and specialized placement facilities

- 7.32 SD:
- establish independent living and transition to adulthood planning requirements and documented procedures to be completed well in advance of the child’s anticipated transition date
  - require regular reviews of the preparation for independent living plan by Department social workers in conjunction with Operators of group homes and specialized placement facilities

7.33 SD evaluate options to improve or replace the NB Families information system with the aim of increasing efficiency and effectiveness in case management practices.

7.34 SD collect and maintain high quality residential placement capacity and service capability data from group home and specialized placement Operators for use in Department planning, monitoring, and reporting processes.

- 7.35 SD:
- document responses and actions taken to address feedback and concerns raised when reviewing Operator completed evaluation forms
  - follow-up on Operator feedback and the results of actions taken to address issues identified in the annual review

7.36 The following table details the self-reported implementation assessment we received from departments. We will perform detailed review of their assessments in year four.

## **Status of Recommendations from 2020 and 2021 as Reported by Auditees**

Auditee	Subject	Year	Performance Audit Recommendations	
			Total	% Implemented
Finance & Treasury Board	AG's Access to Vestcor Significantly Limited	2020	3	0%
Public Accounts Committee			2	100%
Social Development	Update on Nursing Home Planning and Aging Strategy	2020	5	20%
Finance & Treasury Board			1	100%
NB Power	Debt Challenges	2020	2	0%
Health	Electronic Medical Record Program	2020	7	71%
Natural Resources and Energy Development	Follow up on 2008 Timber Royalties	2020	5	40%
New Brunswick Forest Products Commission			3	100%
Health	Ambulance Services	2020	3	33%
EM/ANB			15	33%
Health / EM/ANB			2	0%
Executive Council Office			1	0%
Education and Early Childhood Development	School Infrastructure Planning	2020	14	71%
NB Power	Residential Energy Efficiency Programs	2021	5	0%
Natural Resources and Energy Development			2	100%
Regional Development Council	Funding for Rural Internet	2021	3	100%
Opportunities NB			3	100%
RDC and ONB			4	100%
Executive Council Office			3	100%
Post-Secondary Education, Training and Labour	COVID-19 Funding - New Brunswick Workers' Emergency Income Benefit (NBWEIB)	2021	14	100%
Executive Council Office			1	100%
Executive Council Office	Crown Agency Salary and Benefits Practices	2021	1	0%
Finance & Treasury Board			1	100%
Executive Council Office	Risks Exist in Government's Oversight of Crown Agencies	2021	5	100%
<b>Total</b>			<b>105</b>	<b>63%</b>

## Appendix I: Detailed Objective, Scope, and Conclusion

For 2023, we completed a limited assurance attestation engagement on the status of certain audit recommendations included in our 2019 Reports of the Auditor General of New Brunswick. Recommendations made to departments, commissions, and Crown agencies as a result of our financial audit work are followed-up annually as part of our financial audit process and are not discussed in this chapter.

Our usual practice is to track the status of our performance audit recommendations for four years after they first appear in the Report of the Auditor General, starting in the second year after the original Report. In 2023, we resumed this periodic process.

For this 2023 Report, we are tracking progress on performance audit recommendations from 2019, with verification performed for six chapters as described in the introduction.

Our objective is to determine the degree of progress departments, commissions and Crown agencies have made in implementing our recommendations. We assess their progress as either implemented or not implemented.

To prepare this chapter, we request written updates from the respective departments, commissions, and Crown agencies. They provide their assessment of the status of each performance audit recommendation. In addition, departments, commissions, and agencies also add any comments they believe are necessary to explain the rationale for their assessment. We received all updates requested.

We conducted our work in accordance with the Canadian Standard on Assurance Engagements (CSAE) 3000 – Attestation Engagements Other than Audits or Reviews of Historical Financial Information set out by the Chartered Professional Accountants of Canada.

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.

Professional audit standards prevented the Auditor General from participating in, or influencing, the outcome of follow up work performed on recommendations made to the Office of the Comptroller as the Auditor General previously served as Comptroller for the Province until December 31, 2021. The Executive Director of Financial and IT Audit was responsible to oversee this work.

Based on the limited assurance procedures performed and evidence obtained, no matters have come to our attention to cause us to believe the status of the recommendations reported as complete have been materially misstated. Additional information provided in this report is not intended to take away from our overall conclusion.

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

We obtained sufficient and appropriate evidence on which to base our conclusion on December 8, 2023, in Fredericton, New Brunswick.