

REPORT OF THE

Auditor General of New Brunswick

Volume II
Performance Audit

2019

AUDITOR GENERAL
OF NEW BRUNSWICK



VÉRIFICATEUR GÉNÉRAL
DU NOUVEAU-BRUNSWICK

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Speaker of the Legislative Assembly
Province of New Brunswick

Sir

As required under Section 15(1) of the *Auditor General Act* I am submitting Volume II of my 2019 Report to the Legislative Assembly.

Respectfully submitted,

A handwritten signature in black ink that reads "Kim MacPherson". The signature is written in a cursive, flowing style.

Kim MacPherson, FCPA, CA, ICD.D
Auditor General

Fredericton, N. B.
December 2019

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Chapter 1

Key Messages from the Auditor General

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Performance Audit – Key Messages from the Auditor General

Introduction

1.1 My Office’s mission, as included in our 2014 to 2020 strategic plan is:

To provide objective, reliable, and timely information to the Legislative Assembly and the people of New Brunswick on government’s performance in its delivery of programs and services.

1.2 In this volume of our 2019 Report, we include three performance audit related chapters:

- Provincial Funding to Universities and Maritime College of Forest Technology (MCFT);
- Group Homes and Specialized Placements; and
- Follow-up Work and Financial Assistance Case Studies (Blueberries and Naval Centre).

Provincial Funding to Universities and Maritime College of Forest Technology

1.3 Chapter 2 of this volume presents our findings and observations regarding the allocation and monitoring of provincial funding to universities and MCFT. We found the Department of Post-Secondary Education, Training and Labour is not holding universities and MCFT accountable for the funds provided.

1.4 While funding, for the most part, was allocated in accordance with agreements, the Department is not monitoring the use of over \$210 million a year.

PETL takes a “hands-off” approach with universities and MCFT funding

1.5 In the last decade, we found the Department provided these institutions over \$2 billion in operating grants. While I believe our universities are facing many challenges, including financial ones, I am surprised government has

such a “hands-off” approach to monitoring university funding despite the significant tax dollars involved.

More monitoring required against measurable key performance indicators

1.6 I expect government to establish key performance indicators with measurable targets for all funding provided to universities and MCFT. Government should also take a more active approach in monitoring funding performance and outcomes to ensure targets are achieved and the desired outcomes are realized.

PETL failed to take timely corrective action on lack of performance

1.7 In cases where PETL monitored a targeted program, we found it failed to take timely corrective action to improve the program or discontinue funding. This was in regard to funding provided for the expansion of the nursing program at UNB and UdeM. Although the Department monitored enrollment levels associated with the program, it continued funding under the same conditions for several years while knowing the targets were not being met.

Government has a duty to hold funding recipients accountable

1.8 In fulfilling its stewardship function over taxpayers’ money, government is expected to hold all funding recipients accountable for monies received and results achieved. I encourage all government departments to ensure adequate accountability measures are clearly specified and enforced in all future funding agreements.

Publicly funded universities should routinely appear before a Legislative Committee

1.9 More rigorous oversight and scrutiny by the appropriate legislative committees is required to complete the accountability cycle. Publicly funded universities, as recipients of significant streams of public funds should be prepared to routinely appear, as requested, by a legislative committee such as the Public Accounts Committee. In my view, this should not need to be a condition of a written agreement in order for it to happen.

Group Homes and Specialized Placements

1.10 Chapter 3 contains findings and observations from our audit of the Department of Social Development’s management of placement and care of children in group homes and specialized placements. We found the Department does not effectively manage placement and care of children and youth in group homes and specialized placements. We also found an increased use of group homes and specialized placements and increased number of young children in group homes, in recent years.

- 1.11** Children and youth placed in group homes and specialized placements are among the most vulnerable. They often suffered from neglect, abuse, addiction and/or mental health issues within the family when taken into care. Their future outcomes may depend entirely on the quality of service they receive while under the care of the Province.
- Unacceptable to have children as young as 5 years old in group homes**
- 1.12** In my 2013 report, I raised the issues of insufficient availability of foster homes and recommended more should be done by the department to improve recruitment of foster parents. Yet the numbers of foster homes continued to decline, resulting in children as young as 5 years old being placed in group homes. In my view, this is not acceptable. I believe young children will have a better opportunity to achieve positive outcomes in a family setting. It is also far less costly to care for children in foster homes than in group homes and specialized placements.
- Our current system is not set up to address increasingly complex cases**
- 1.13** We found children and youth are coming into care with increasingly complex needs and behaviours. Addressing such needs will require increased and systematic collaboration between various government departments and other stakeholders to tailor and deliver the appropriate services to each individual case.
- Social Development needs to improve planning and focus on measurable outcomes**
- 1.14** I am aware Social Development has several initiatives aimed at improving its services including legislative changes and implementation of the Integrated Service Delivery Model and the network of excellence. However, more improvement is required in planning and caring for children and youth in group homes and special placements. More focus on outcomes, better forecasting of placement needs and improved planning for transition to independent living would help improve outcomes for children and youth.
- Follow-up on Recommendations from Prior Years**
- 1.15** Chapter 4 presents our follow-up on recommendations from prior year performance audit chapters released in 2015, 2016 and 2017 as well as select others. Our follow-up chapter is intended to promote accountability by giving the Legislative Assembly, and the public, information on how government has acted on our performance audit recommendations.

AGNB focused on two large financial assistance files with significant provincial exposure

1.16 This year we focused on two significant ongoing financial assistance cases: Acadian Wild Blueberry Company Limited and New Brunswick Naval Centre. In addition, we present self-reported progress made by Departments, Commissions and Agencies against our recommendations. We intend to perform an in-depth review of both 2015 and 2016 recommendations as well past “Atcon” recommendations, in our 2020 follow-up report.

1.17 The case studies included in this report are intended to inform taxpayers of the risks assumed by the Province in relation to financial assistance deals, while reminding government of the continuous need for proper due diligence and sound risk management when making financial assistance decisions.

Province provides significant financial assistance to industry

1.18 The Province of New Brunswick provides significant financial assistance to industry in the form of loans, loan guarantees, grants, payroll rebates, non-repayable contributions and forgivable loans. This assistance is provided with the objectives of inducing or sustaining economic growth and creating jobs for New Brunswickers, among other objectives.

Provincial assistance on the two files nearly \$100 million

1.19 We found the combined approved provincial financial assistance relating to these two files is nearly \$100 million. A total of \$69 million of provincial loan and grants was extended to the Acadian Wild Blueberry Company. Approved provincial assistance in connection with the New Brunswick Naval Centre amounted to \$29 million.

I am deeply concerned that the essence of some Atcon recommendations have not been implemented

1.20 I made several recommendations to mitigate the risks associated with provincial financial assistance in my last two reports on Financial Assistance to Atcon Holdings Inc and Industry, issued in 2015 and 2017. The intent of my recommendations was to strengthen due diligence and risk management practices to help avoid another catastrophic failure, as was the case in the Atcon file. I am deeply concerned that the essence of some of those recommendations have not been implemented in subsequent decisions relating to the Acadian Wild Blueberry and the New Brunswick Naval Centre files.

*Taxpayers
inadequately
informed of total
financial assistance
provided and
outcomes achieved*

1.21 I continue to believe central delivery and monitoring of financial assistance would ensure consistency in assessing and controlling risks to the taxpayer and the province overall. Without a centralized and streamlined approach, there continues to be a lack of provincial perspective on financial assistance. Further, it is unacceptable taxpayers remain “in the dark” with regard to the total amount of funds extended as financial assistance and the outcomes achieved.

1.22 Implementation of our performance audit recommendations by departments, commissions and agencies is a key measure of performance audit impact. I encourage Members of the Legislative Assembly to seek opportunities to pursue the status of unimplemented performance audit recommendations with the involved departments, commissions and agencies.

*We remain
unsatisfied with the
overall
implementation rate
of our performance
audit
recommendations*

1.23 Overall, audited entities self reported they implemented 85% of recommendations from our 2015, 2016 and 2017 performance audit reports. This remains well below our target of 100%.

Acknowledgements

1.24 Staff in my Office worked very hard in carrying out the work reported upon in this volume of our Report. The individual chapters of this report are a reflection of their level of commitment, professionalism and diligence. I would like to express my appreciation to each for their contribution and continuing dedication to fulfilling the mandate of the Auditor General of New Brunswick.



Kim MacPherson, FCPA, CA, ICD.D
Auditor General

Chapter 2

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

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Provincial Funding to Universities and Maritime College of Forest Technology :

Dept. of Post-Secondary Education, Training and Labour

Report of the Auditor General – Volume II Chapter 2 - December 2019

Why Is This Important?

- NB's public universities play an important role in the economic and social development of the Province.
- Over the last decade, universities and MCFT received more than \$2.0 billion in operating grants.
- In 2017/18 alone, close to \$250 million was paid to NB's four publicly funded universities and the Maritime College of Forest Technology from all government departments and Crown Agencies.
- Provincial funding provided to universities represented approximately 30% to 50% of university revenue in 2017/18.

Overall Conclusions

- PETL is not holding universities and the Maritime College of Forest Technology accountable for funding provided. PETL is not monitoring the use of the majority of funds provided to universities, over \$210 million (91% of funds) in 2017/18. Monitoring was limited to the use of funding under specific agreements, close to \$20 million in 2017/18. However, for the nursing program expansion agreements, the Department did not take corrective action when performance targets were not met.
- For the most part, funding was provided to universities in accordance with agreements. However, the allocation of over \$210 million operating grant to universities was not in accordance with the funding formula, which provides for an objective allocation of funding amongst the universities.

What We Found

Lack of Accountability

- Province has MOU with universities which sets accountability requirements. However, almost none of expected outcomes have been achieved
- PETL is not reporting publicly on outcomes of funding provided to universities
- Maritime College of Forest Technology is not transparent

Funding Formula Not Used for Several Years

- Funding formula has not been used since 2015/16 as it would have disadvantaged some universities
- Funding formula should be revisited to ensure it continues to be relevant

More Monitoring Needed

- PETL has "hands-off" approach to university funding
- PETL does not require any reporting from universities on use of operating funds (referred to as "unrestricted grant" by PETL)
- Operating grant has restrictions on use of funds, but PETL has not communicated this to universities
- Province invested close to \$100 million for unsuccessful nursing program expansion:
 - Targets for UdeM were never met and UNB did not meet recent targets
 - PETL did not take corrective action on lack of performance

Key Findings and Observations Table

Provincial funding to Universities and MCFT

Department of Post-Secondary Education, Training and Labour

Paragraph	Key Findings and Observations
	Lack of Accountability
2.23	<i>Memorandum includes accountability mechanisms</i>
2.24	<i>MOU improved accountability outcomes have not been achieved</i>
2.27	<i>Mandate letter intended annual appearance before legislative committee</i>
2.31	<i>Increased accountability in other jurisdictions</i>
2.33	<i>No accountability mechanisms for MCFT</i>
2.34	<i>Statistics on NB universities reported by MPHEC</i>
2.36	<i>Department is not reporting on outcomes of funding to universities and MCFT</i>
2.39	<i>Universities are transparent</i>
2.41	<i>Review of university and MCFT financial statements showed key differences between institutions</i>
2.43	<i>MCFT was not transparent</i>
	More Monitoring Needed
2.45	<i>Department has “hands-off” approach to university funding of \$2 billion over the past decade</i>
2.46	<i>Operating grant has restrictions on use</i>
2.47	<i>Department did not communicate the restrictions on the use of the operating grant to universities</i>
2.48	<i>Restrictions include capital assets, but some universities have used operating income for capital asset investments</i>
2.49	<i>Department does not require any reporting from universities on use of over \$210 million in operating funds in 2017/18</i>
2.52	<i>Review of funding provided for expansion of nursing program</i>
2.54	<i>Clawback calculation differed in previous agreements</i>

Key Findings and Observations Table (continued)

Paragraph	Key Findings and Observations
	More Monitoring Needed (continued)
2.55	<i>Clawback calculation in 2017/18 was same for both universities</i>
2.57	<i>Funding for nursing program was provided in accordance with agreement and clawback was calculated correctly in 2017/18</i>
2.59	<i>Province invested close to \$100 million for unsuccessful nursing program expansion</i>
2.60	<i>Targets for nursing program enrolment at UdeM were never met and UNB did not meet targets in recent years</i>
2.62	<i>Department continued to pay despite targets not being met</i>
2.63	<i>Department did not take corrective action on lack of performance</i>
2.66	<i>Review of funding provided in “restricted” operating grant</i>
2.67	<i>Restricted assistance policy allows a 1-year carry forward of unspent restricted operating grant</i>
2.68	<i>One university had carry-forward from over 5 years on restricted operating grant</i>
	Funding Formula Not Used For Several Years
2.70	<i>In 2017/18, over \$230 million in funding was provided to universities</i>
2.72	<i>Funding formula designed for objective allocation of funds</i>
2.80	<i>Funding provided to universities in 2017/18 was not allocated based on the funding formula established in 1979</i>
2.83	<i>Amounts paid in 2017/18 were in accordance with recent MOU and agreements</i>
2.84	<i>St. Thomas University did not sign the funding MOU until July 2019, while other universities signed in early 2018</i>
2.85	<i>Use of funding formula would disadvantage some universities</i>
2.86	<i>MOU froze funding formula</i>
2.87	<i>Funding formula should be revisited to ensure it continues to be relevant</i>

Recommendations and Responses

Recommendation	Department's response	Target date for implementation
<p>2.28 We recommend the Legislative Assembly select a standing committee, such as the Public Accounts Committee, to hold funding recipients such as universities accountable for funds received and performance achieved and require annual appearances before the committee, or as the committee determines appropriate.</p>	<p><i>The Department supports the recommendation and will work with Government to identify the appropriate committee.</i></p>	<p><i>Immediate</i></p>
<p>2.30 We recommend the Department develop and execute a workplan to fulfill the accountability mechanisms included in the 2017/18 to 2020/21 MOU.</p>	<p><i>The Department agrees with this recommendation and will develop a project charter with a work plan by December 31, 2019.</i></p>	<p><i>December 31, 2019</i></p>
<p>2.32 We recommend the Department, as a minimum, implement the following accountability mechanisms for university funding:</p> <ul style="list-style-type: none"> • Establish measurable outcomes; • For initiatives or areas of interest, establish working committees who report annually to the Minister on progress and achievement of objectives; • Use key performance indicators; • Require annual reporting to the Minister using a standard template; and • Require executive compensation contracts be publicly available. 	<p><i>The Department agrees with this recommendation and will work with stakeholders to develop the recommended accountability mechanisms and have them in place prior to the development of the next funding arrangement</i></p>	<p><i>March 31st, 2021</i></p>

Recommendations and Responses (continued)

Recommendation	Department's response	Target date for implementation
2.38 We recommend the Department report publicly on the outcomes achieved from the funding provided to universities and MCFT.	<i>The Department agrees with this recommendation and will work with the MCFT to develop these outcomes.</i>	<i>March 31st, 2021</i>
2.44 We recommend the Department require MCFT make available online its current and past (five years minimum) audited financial statements, as well as an annual report of its activities, to ensure it is publicly accountable for the funding it receives from the Province.	<i>The Department agrees with this recommendation and will require, starting in the next fiscal year, the MCFT to publish its current and past financial statements, as well as an annual report.</i>	<i>March 31st, 2020</i>
2.50 We recommend the Department communicate the restrictions on the use of funding in the annual funding letter to universities.	<i>The Department agrees with this recommendation and will communicate the restrictions on this funding in the annual funding letter.</i>	<i>April 1, 2020</i>
2.51 We recommend the Department 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.	<i>The Department agrees with this recommendation and will require institutions to report that they are in compliance with the conditions on the use of unrestricted funds.</i>	<i>April 1, 2020</i>

Recommendations and Responses (continued)

Recommendation	Department's response	Target date for implementation
2.58 To achieve better performance on desired outcomes, we recommend the Department provide funding for program expansion, or other agreements, only after desired outcomes or targets have been achieved.	<i>The Department agrees with this recommendation will adopt this practice.</i>	<i>Immediate</i>
2.65 We recommend the Department take corrective action in a timely manner when expected performance targets have not been achieved.	<i>The Department agrees with this recommendation and will adopt this practice.</i>	<i>Immediate</i>
2.69 We recommend the policy for restricted operating grants be followed, or the Department reconsider the appropriateness of the 1-year carry forward limit and amend the policy accordingly.	<i>The Department agrees with this recommendation and will review this policy and take appropriate actions based on finding.</i>	<i>March 31, 2020</i>
2.88 We recommend the Department, in consultation with the universities, re-examine the relevance of the current funding formula and its components, such as the weighting of the various programs, to ensure it continues to be the most suitable choice to allocate funding to universities and to motivate the achievement of funding objectives.	<i>The Department agrees with this recommendation and will examine the future funding framework in advance of the next funding arrangement.</i>	<i>March 31, 2021</i>

Audit Introduction

Why we examined funding to these 5 institutions

- 2.1** New Brunswick’s provincial universities play an important role in the economic and social development of the Province. Universities also impact their local communities by providing employment to workers and through spending by their student population.
- 2.2** The Department of Post-Secondary Education, Training and Labour (the Department) provides funding for educational programs to universities and the Maritime College of Forest Technology (MCFT). The Maritime Province’s Higher Education Commission (MPHEC) administers this provincial funding for the universities and the MCFT on behalf of the Department.
- 2.3** Section 17 of MPHEC’s Act states the “*determination of public funding levels for institutions is the sole responsibility of the Provinces*”. It goes on to say the Commission, when requested to do so, shall provide advice or services to the Minister for determining post-secondary education funding policies and allocations. The Regulation under the MPHEC Act identifies the prescribed institutions for the purposes of the Act. The New Brunswick institutions listed are:
- University of New Brunswick;
 - St. Thomas University;
 - Mount Allison University;
 - Université de Moncton; and
 - Maritime College of Forest Technology.

Why we did this audit

- 2.4** In 2017/18, close to \$245 million was paid to the four publicly funded universities and MCFT from all government departments and Crown agencies. Of this amount, approximately \$230 million was provided by the Department. Given the significant funding provided to universities and MCFT, we decided to conduct an audit of funding provided to these entities, including the Department’s monitoring and reporting on the use of this provincial funding.

Objective

2.5 The objective of our audit was:

To determine if the Department of Post-Secondary Education, Training and Labour:

- ***Provides funding to universities and the Maritime College of Forest Technology in accordance with policies and agreements;***
- ***Monitors the use of provincial funds by universities and the Maritime College of Forest Technology to ensure funds are being spent in accordance with provincial requirements and outcomes; and***
- ***Holds universities and the Maritime College of Forest Technology accountable for the funds received.***

Scope and Approach

2.6 Our audit focused on the Department of Post-Secondary Education, Training and Labour. We examined the Department's administration and allocation of funding provided to universities and the Maritime College of Forest Technology. We also examined how the Department monitors the use of funds and holds the universities and MCFT accountable for the funds received, as well as associated performance results.

2.7 Our audit approach included interviews with staff at both the Department of Post-Secondary Education, Training and Labour (the Department), and the Maritime Provinces Higher Education Commission (MPHEC). We reviewed documentation and conducted analytical procedures and testing on information provided by the two entities.

2.8 Our specific audit testing covered the fiscal year 2017/18. This is the period to which our audit conclusion applies. However, to gain a more complete understanding of the subject matter, our analysis covered certain matters that preceded this period and included a broader time frame.

2.9 For more information about the scope, approach and period of our audit, see Appendix I. The criteria we used can be found in Appendix II.

Conclusions

2.10 We concluded:

- The Department is not holding universities and MCFT accountable for funding provided;
- The Department did not monitor the use of the majority of funding provided to universities, over \$210 million (91% of funding) in 2017/18. Monitoring was limited to the use of funds under certain agreements. However, for one of these agreements (expansion of nursing program), we found the Department did not take corrective action when performance targets were not achieved;
- For the most part, funding was provided in accordance with agreements. However, accountability mechanisms in MOU were not met and funding for the expansion of the nursing program did not achieve the intended objective; and
- The allocation of the operating grant to universities was not in accordance with the funding formula. As a result, factors like enrolment and the cost of programs offered were not considered in allocating funding to the four universities.

Background Information

2.11 The Department of Post-Secondary Education, Training and Labour provides annual funding to universities and the Maritime College of Forest Technology in the form of operating grants and funding under specific agreements targeted at certain activities and programs. Universities also receive funds from other government entities for other purposes such as research and services rendered.

2.12 Exhibit 2.1 shows the total amount paid to universities and MCFT by departments and Crown agencies in 2017/18. Provincial expenditures from all streams of funding provided to universities totaled close to \$245 million for 2017/18. This included contributions and grants, personal services, contracts and projects, material and supplies, and other services.

Exhibit 2.1 - Amount paid to universities and MCFT by departments and Crown agencies in 2017/18 (rounded)

Amount paid to universities and MCFT, by primary, by departments and Crown agencies in 2017/18 (rounded)						
Department or Agency	Expenditures by Primary					Total
	Contributions and Grants	Other Services	Materials and Supplies	Personal Services	Contracts and Projects	
Agriculture, Aquaculture and Fisheries	\$112,600	\$1,300	-	-	-	\$ 113,900
Collège communautaire du Nouveau-Brunswick	57,300	119,400	2,700	-	-	179,400
Natural Resources and Energy Development	243,200	53,800	-	6,200	-	303,200
Education and Early Childhood Development	270,300	663,000	39,200	17,700	4,600	994,800
Environment and Local Government	454,000	2,100	-	-	-	456,100
Executive Council Office	81,000	8,400	1,200	-	-	90,600
Finance and Treasury Board	20,000	25,300	-	-	-	45,300
General Government	-	7,000	2,000	-	-	9,000
Health	2,168,500	61,200	-	7,500	-	2,237,200
Legislative Assembly	-	15,900	-	200	-	16,100
New Brunswick Community College	300	173,800	12,500	-	-	186,600
Opportunities New Brunswick	27,300	32,000	-	-	-	59,300
Post-Secondary Education, Training and Labour	236,965,700	43,900	3,600	300	-	237,013,500
Public Safety	1,300	65,600	400	-	-	67,300
Service New Brunswick	-	647,900	-	-	-	647,900
Social Development	98,000	83,700	-	1,100	-	182,800
Tourism, Heritage and Culture	35,000	5,100	1,200	-	-	41,300
Transportation and Infrastructure	-	2,277,500	36,000	-	-	2,313,500
Total	\$ 240,534,500	\$ 4,286,900	\$ 98,800	\$ 33,000	\$ 4,600	\$ 244,957,800

Source: Table created by AGNB based on information extracted from the GNB financial reporting system (Oracle) for the period of April 1, 2017 to March 31, 2018

2.13 Of the total payments shown in Exhibit 2.1, approximately \$230 million represents annual operating grants to the four publicly funded universities and the MCFT. Over the last decade, operating grants to universities and MCFT totalled more than \$2.2 billion, as shown in Exhibit 2.2. This does not include provincial funding for student financial assistance.

Exhibit 2.2 - Total operating grants to universities and MCFT over 10 years, from 2008/09 to 2017/18 (in millions)

Total operating grants to universities and MCFT over 10 years, from 2008/09 to 2017/18 (in millions)											
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	Total
University of New Brunswick	\$ 104.8	\$ 108.4	\$ 121.4	\$ 118.1	\$ 121.2	\$ 120.6	\$ 123.0	\$ 121.8	\$ 121.5	\$ 119.8	\$1,180.6
Université de Moncton	62.0	65.6	67.9	76.1	77.5	74.0	74.9	73.3	73.9	74.6	719.8
Mount Allison University	17.6	18.2	19.4	20.0	20.6	20.6	21.3	21.3	21.3	21.7	202.0
St. Thomas University	9.7	10.6	11.8	12.7	12.0	12.1	12.5	12.8	12.5	12.4	119.1
Maritime College of Forest Technology	2.1	2.0	2.2	2.1	2.3	2.1	2.2	2.2	2.2	2.2	21.6
Total	\$ 196.2*	\$ 204.8	\$ 222.7	\$ 229.0	\$ 233.6	\$ 229.4	\$ 233.9	\$ 231.4	\$ 231.4	\$ 230.7	\$ 2,243.1

* Per 2008-09 Main Estimates, the 2008/09 amount was much lower than other years due to a reduction in grants to universities program. There was a corresponding increase in grants in 2007-08 to reflect an additional grant of \$110 M over and above the 2007/08 budget, which was paid March 31, 2008. We are presenting this amount in 2008/09 to present a more accurate reflection of funding paid and its corresponding year.

Source: Schedules of Unrestricted and Restricted Grant Expenditures from MPHEC's financial statements for the years ended March 31, 2009 to March 31, 2018

2.14 Exhibit 2.2 shows that over the last decade, the University of New Brunswick and Université de Moncton have received a significant portion of this funding; \$1.2 billion (53%) and \$720 million (32%) respectively. We can also calculate that overall funding has increased by 18% over 10 years, despite a decline in enrolment of 12%¹ during the same period. The Department noted this calculation does not consider inflation.

¹ As per enrolment presented in Exhibit 2.6

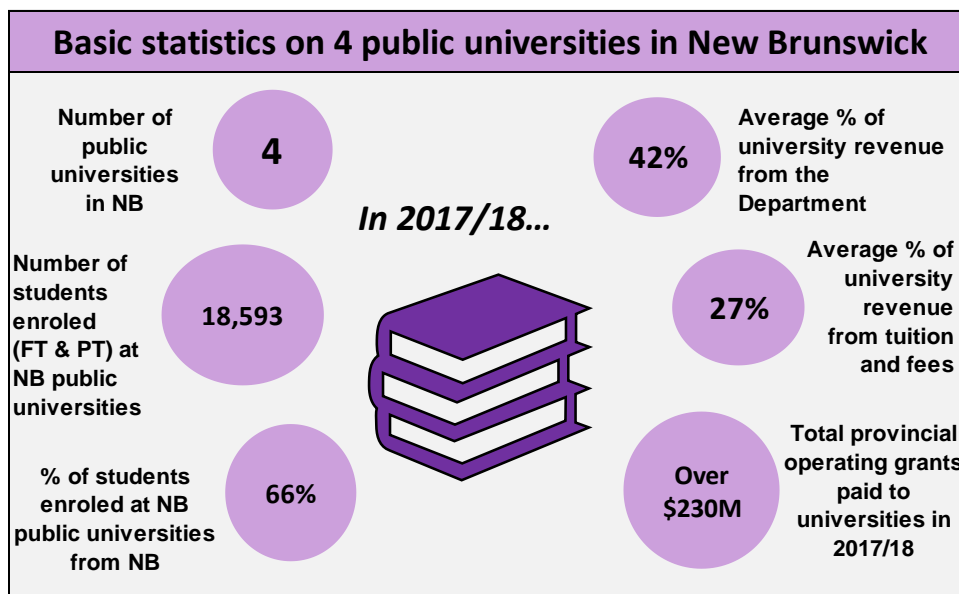
2.15 The Maritime Provinces Higher Education

Commission provides financial services to the Department with respect to provincial funding to universities and the Maritime College of Forest Technology. It receives base funding from the provinces of New Brunswick (31%), Nova Scotia (38%) and Prince Edward Island (6%). The key functions of the Commission include:

- Quality assurance of academic programming and or teaching at institutions;
- Data and information collection on institutions and production of reports for the purpose of public accountability;
- Administer funding transfers for regional programs; and
- Provide services to the Provinces as requested.

2.16 Exhibit 2.3 provides basic statistics on public universities in New Brunswick in 2017/18.

Exhibit 2.3 - Basic statistics on public universities in New Brunswick in 2017/18

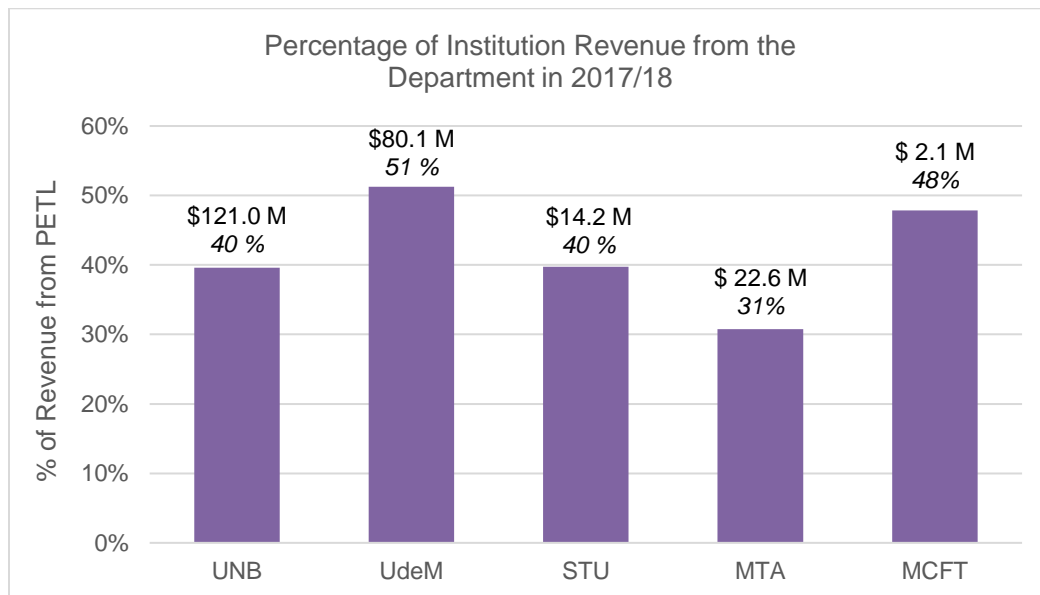


Source: Chart created by AGNB based on information obtained in the audited financial statements of universities for the year ended April 30, 2018; and MPHEC’s online statistics.

Operating grant from PETL presents 31% to 51% of university revenue

2.17 The provincial grant to universities represented between 31% and 51% of university revenue in 2017/18. Exhibit 2.4 shows the provincial grant from the Department represented a high of 51% of the revenue of Université de Moncton in 2017/18, and a low of 31% of the revenue of Mount Allison University. These variances are due to differences in revenue from other sources, such as student fees², research grants, and investment income. For example, revenue from student fees in 2017/18 represented only 19% of Université de Moncton’s revenue compared to almost 50% of revenue at St. Thomas University³. The Department noted UdeM receives additional funding, unlike the other universities, to cover some of the costs associated with operating a French language university.

Exhibit 2.4 - Percentage of institution revenue from the Department in 2017/18



Source: Chart created by AGNB based on information obtained from the audited financial statements of universities for the year ended April 30, 2018.

² Student fees can include tuition and other fees

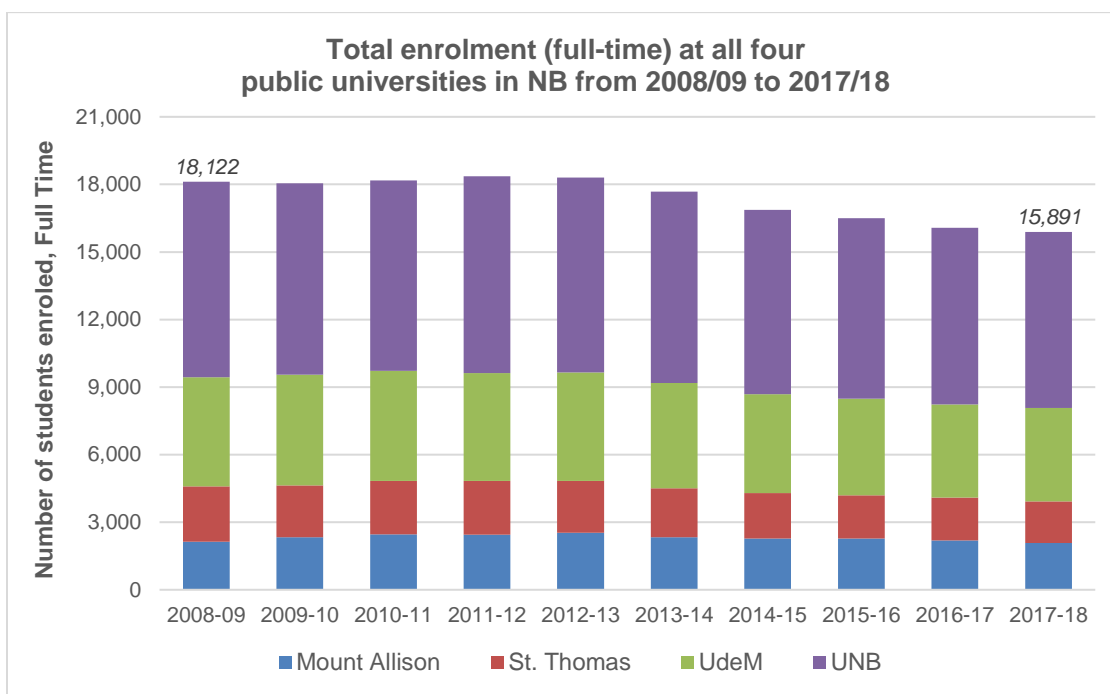
³ As calculated from information presented in Exhibit 2.9

2.18 There is no legislation governing any of the funding provided to universities and the Maritime College of Forest Technology. This funding is discretionary and subject to the annual budget process. The amounts provided could be significantly changed or discontinued by the government.

Enrolment at NB universities is declining

2.19 In recent years, enrolment has been declining at all provincial universities, putting financial pressure on the institutions. As shown in Exhibit 2.5, total full-time enrolment in the four provincial universities was 15,891 students in 2017/18, down from 18,122 in 2008-09, a decrease of 12% over 10 years. We calculated Mount Allison had the smallest decline with just 3% over this period while the decline at St. Thomas University was the most significant, with full-time enrolment down 25%.

Exhibit 2.5 - Total enrolment (full-time) at all four public universities in NB from 2008/09 to 2017/18



Source: Chart created by AGNB based on MPHEC enrolment statistics (*Total Enrolment by Province, Institution, and Registration Status, 2008-2009 to 2017-2018*)

2.20 Because 66% of students at the four public universities are from New Brunswick, we examined the Department of Education’s school enrolment for the equivalent cohorts to see if there was a link between declining enrolment at universities and school enrolment. As shown in Exhibit 2.6, the decline in university enrolment is very similar to

the decline in school enrolment, making a link between demographics and declining enrolment.

Exhibit 2.6 - Comparison of enrolment at NB public universities with cohort enrolment at NB schools

Comparison of enrolment at NB public universities with cohort enrolment * at NB schools			
School Enrolment		University Full-time Enrolment	
Year	# Students	Year	# Students
1996-97	133,276	2008-09	18,122
1997-98	131,586	2009-10	18,045
1998-99	129,131	2010-11	18,171
1999-00	127,003	2011-12	18,367
2000-01	124,942	2012-13	18,311
2001-02	122,792	2013-14	17,681
2002-03	120,600	2014-15	16,870
2003-04	118,869	2015-16	16,497
2004-05	117,145	2016-17	16,080
2005-06	114,820	2017-18	15,891
Decline over 10 years	14%	Decline over 10 years	12%

* Cohort enrolment: a student enrolled in grade 1 in 1996/97 could in theory be enrolled in university in 2008/09
 Source: Chart prepared by AGNB using MPHEC enrolment statistics (*Total Enrolment by Province, Institution, and Registration Status, 2008-2009 to 2017-2018*) and information from Dept. of Education's 2000/01 and 2007/08 annual reports (*Enrolment by School District and Year*)

Province has limited role in governance of universities

2.21 Though the province is an important funding partner to universities, it has a limited role in the governance of these institutions. Each university is overseen by a Board of Governors and a Senate. In general, the Board is responsible for the business side of the university, making decisions on items such as the annual budget and oversight of the university president. The Senate governs the academic side of the institution and makes decisions regarding items such as courses, teaching, and academic awards. Exhibit 2.7 provides an overview of the governance of the four publicly funded universities in New Brunswick as well as MCFT. It shows the Lieutenant-Governor is involved in 15-22% of appointments to the Board of Governors at two of the four publicly funded universities.

Exhibit 2.7 - Overview of the governance of the four publicly funded universities in New Brunswick and MCFT

Overview of the governance of the four publicly funded universities in New Brunswick and MCFT					
	Université de Moncton²	University of New Brunswick	Mount Allison University	St. Thomas University²	Maritime College of Forest Technology
Board of Governors	Yes	Yes	Yes	Yes	Yes
Number of members on Board of Governors	27	46 ²	24 ²	25	12 to 15 ¹
Number of members of Board of Governors appointed by Lieutenant-Governor in Council	4	10	none	none	none
% of members of Board of Governors appointed by Lieutenant-Governor in Council	15%	22%	0%	0%	0%
Senate	Yes	Yes	Yes	Yes	No
Number of members of Senate	41	Fredericton: 67 ³ Saint John: 38 ²	55 ³	37	n/a

¹Per the Act there are 12 members, but actual number of members in 2017/18 was 15. The Deputy Minister of the Department of Natural Resources and Energy Development sits on the board.

² Membership as at 2019-2020

³ Membership as at 2018-2019

Source: Chart created by AGNB from information found on university websites and related legislation [for each university](#) and the *Maritime College of Forest Technology Act*

Lack of Accountability

Memorandum with universities for multi-year funding

2.22 In 2018, the Province and three of its four publicly funded universities signed Memorandums of Understanding (MOU) which provided multi-year funding for universities. Agreements were reached with University of New Brunswick, Université de Moncton and Mount Allison University. The MOU covers the years 2017/18 to 2020/21. An agreement with St. Thomas University was signed in July 2019. The multi-year MOU is intended to provide universities with predictable funding and stable tuition for students by providing increases to the universities' operating grants and tuition increase caps.

Memorandum includes accountability mechanisms

2.23 Notable in the four-year MOU is a section on *Fiscal Responsibility and Accountability* that included a number of accountability mechanisms. Given the significant amount of funding provided to the universities, we viewed these mechanisms as a starting point on which to build an accountability framework to report on the progress and outcomes achieved with provincial funding.

MOU improved accountability outcomes have not been achieved

2.24 The accountability requirements of the MOU are listed in Exhibit 2.8. The exhibit also shows whether these requirements had been met at the time of our audit in 2019.

Exhibit 2.8 - Accountability requirements included in the Memorandum of Understanding between the Province of New Brunswick and three universities, 2017/18 through 2020/21

Accountability requirements included in the Memorandum of Understanding between the Province of New Brunswick and three universities, 2017/18 through 2020/21	
Requirement	Requirement met?
Universities will report publicly on outcomes by appearing before a Legislative Committee in year 1 (2017/18) of the MOU.	Yes
During year 1 (2017/18) of the MOU, in consultation with universities, the Province will engage a consultant to conduct a review of accountability mechanisms between universities and PNB. Consultant review will: <ul style="list-style-type: none"> ▪ document current accountability mechanisms; ▪ identify gaps; and ▪ make recommendations for future mechanisms. If future mechanism requires appearing before a legislative committee, the terms of that appearance will be laid out in the review.	No
Parties will work together to develop and publish provincial and institutional key performance indicators related to mutually agreed-upon subjects which may include quality of education, administrative efficiency, enrolments, graduation rates, labour market outcomes, research and innovation, and other criteria related to the university's specific mandate.	No

Source: Chart prepared by AGNB based on information included in the *Memorandums of Understanding between the Province of New Brunswick and the University of New Brunswick, Mount Allison and Université de Moncton, 2017/2018 through 2020-2021*. These MOUs were signed between January and March 2018. St. Thomas University was excluded because it had not signed the MOU at the time of our audit. In July 2019, we were informed St. Thomas University had signed the MOU.

2.25 As shown in Exhibit 2.8, only one of the accountability requirements listed in the MOU has been met. The universities did appear before a legislative committee in June 2018. St. Thomas University, who had not yet signed the MOU, also appeared before the committee along with the other three universities. In May 2019, the Minister of PETL made a motion for a select committee to be charged with inviting the universities to appear again, which they did in September 2019. The appearance of the universities before the committee is a positive step towards improved accountability for the public funds they receive.

2.26 We were surprised an appearance before the legislative committee was a stated requirement in the MOU. In our view, any entity that receives public funds (especially those that receive significant funding, like universities) should

appear, if asked, before a legislative committee in order to be held accountable for their use of public funds.

Mandate letter intended annual appearance before legislative committee

2.27 When we reviewed the September 2017 mandate letter issued to the Minister of Post-Secondary Education, Training and Labour by the then Premier, it indicated the MOUs were intended to require annual appearance by the universities before the legislative committee. We believe regular annual appearances before a legislative committee improves accountability and allows the universities to report publicly on outcomes.

Recommendation

2.28 We recommend the Legislative Assembly select a standing committee, such as the Public Accounts Committee, to hold funding recipients such as universities accountable for funds received and performance achieved and require annual appearances before the committee, or as the committee determines appropriate.

2.29 Contrary to the requirements in the MOU, we also found there has been no consultant review and no key performance indicators developed or published at the time of our audit in 2019. The Department noted the following factors affecting progress on requirements of the MOU:

- The 2017/18 MOU was only signed by 3 of 4 universities;
- The 2017/18 MOU was only signed in the final quarter of 2017/18;
- There was a change in leadership at the universities; and
- There was a change of government in 2018.

Recommendation

2.30 We recommend the Department develop and execute a workplan to fulfill the accountability mechanisms included in the 2017/18 to 2020/21 MOU.

Increased accountability in other jurisdictions

2.31 We reviewed the developments around increased university accountability in other jurisdictions. From our review, we identified several areas that could benefit New Brunswick's agreements with universities should the Province sign new agreements in the future, including:

- Greater focus on measurable outcomes (to assess performance);

- Establishment of various working committees who report annually to the Minister (assigns responsibility for initiatives and accountability for performance);
- Use of key performance indicators in an MOU workplan;
- Universities provide annual financial reports and projections using a standardized template (this would improve comparability between institutions); and
- Executive compensation contracts are publicly available (to improve transparency).

Recommendation

2.32 We recommend the Department, as a minimum, implement the following accountability mechanisms for university funding:

- **Establish measurable outcomes;**
- **For initiatives or areas of interest, establish working committees who report annually to the Minister on progress and achievement of objectives;**
- **Use key performance indicators;**
- **Require annual reporting to the Minister using a standard template; and**
- **Require executive compensation contracts be publicly available.**

No accountability mechanisms for MCFT

2.33 The 2017/18 funding letter provided to the Maritime College of Forest Technology did not include any accountability mechanisms.

Statistics on NB universities reported by MPHEC

2.34 We found MPHEC has produced a number of tables and reports on various statistics of maritime universities, including universities in New Brunswick. The following statistics, for multiple years, are available on MPHEC's website:

- Various enrolment statistics;
- Types of credentials granted;
- Arts and science tuition fees and ancillary fees;
- University participation;
- Graduation rates; and

- Time-to-degree.

Though interesting, we cannot use this information to evaluate performance without having objectives related to these statistics.

2.35 We reviewed the Department’s website and annual report to determine whether there was any performance reporting on the funding provided to universities and MCFT.

Department is not reporting on outcomes of funding to universities and MCFT

2.36 We found the Department is not reporting on the performance of funding provided to universities or MCFT. The only information reported was:

- Signing of the MOUs in 2017/18;
- Total amount “invested” in MCFT and the four universities in 2017/18; and
- Comparison of budget to actual expenditures (in total) for MPHEC.

2.37 This information is not sufficient to evaluate the outcomes resulting from the funding provided. For example, the Department could have reported on the expansion of the nursing program as performance information was available and used to evaluate the outcomes of the funding provided for that program. Overall, given the significance of the funds provided, there should be public performance reporting on the outcomes achieved.

Recommendation

2.38 We recommend the Department report publicly on the outcomes achieved from the funding provided to universities and MCFT.

Universities are transparent

2.39 Overall, we found universities were transparent with their financial information, though some more than others. For example, we reviewed the universities’ websites and found:

- All four universities provided audited financial statements for multiple years;
- All four universities provided information on salary disclosure by title or profession;
- Two of the four universities (MTA and UNB) provided disclosures on travel expenditures;

- All four universities provided links to its President's contract.

2.40 The financial statements for the universities were available online but finding them required numerous clicks on the universities' websites. When we spoke with individuals at the Department and MPHEC, we were told they find the financial statements difficult to interpret and compare.

Review of university and MCFT financial statements showed key differences between institutions

2.41 We reviewed the audited financial statements of all four publicly funded universities and MCFT for the year ended April 30, 2018. Our purpose was to assess consistency of financial reporting between the publicly funded institutions. Our findings are summarized in Exhibit 2.9.

Exhibit 2.9 - Summary of comparison of components of April 30, 2018 financial statements of four public universities and MCFT

Summary of comparison of components of April 30, 2018 financial statements of all four public universities and MCFT					
Area compared	University of New Brunswick	Université de Moncton	Mount Allison University	St. Thomas University	Maritime College of Forest Technology
Audited financial statements had unqualified opinion?	Yes	Yes	Yes	Yes	Yes
Audited financial statements included Statement of:					
1. Financial Position	Yes	Yes	Yes	Yes	Yes ²
2. Operations	Yes	Yes	Yes	Yes	Yes
3. Changes in Net Assets	Yes	Yes	Yes	Yes ¹	Yes
4. Cash Flows	Yes	Yes	Yes	Yes	Yes
Total value of Net Assets	\$ 307.9 M	\$ 47.3 M	\$ 237.2 M	\$ 41.1 M	\$1.4 M
Largest net asset category	\$ 169.0 M endowment	\$ 80.3 M endowment	\$ 177.8 M endowment	\$ 25.9 M capital assets	\$ 0.86 M capital assets
Balance of unrestricted net assets (deficiency)	(\$ 6.6 M)	(\$ 67.7 M)	(\$ 6,200)	\$ 249,177	\$ 323,414
Type of pension plan	Shared risk	Defined benefit	Defined benefit (non academic) Defined contribution (academic)	Defined contribution	Shared risk ³
Types of Revenues					
PNB Grant	\$ 121.0 M	\$ 80.1 M	\$ 22.6 M	\$ 14.2 M	\$ 2.1 M
Federal Grant	-	14.6 M	3.3 M	-	-
Student fees	79.2 M	29.0 M	29.7 M	17.7 M	1.1 M
Research grants	45.8 M	-	-	-	-
Investment income	8.9 M	4.1 M	7.4 M	0.2 M	-
Ancillaries	16.8 M	8.8 M	2.4 M	0.2 M	0.7 M
Donations	8.9 M	1.1 M	2.1 M	1.5 M	-
Other	<u>25.0 M</u>	<u>18.7 M</u>	<u>5.8 M</u>	<u>1.9 M</u>	<u>0.5 M</u>
Total Revenue	<u>\$ 305.6 M</u>	<u>\$ 156.4 M</u>	<u>\$ 73.3 M</u>	<u>\$ 35.7 M</u>	<u>\$ 4.4 M</u>
Total expenses ⁴	\$ 308.5 M	\$ 147.3 M	\$ 70.9 M	\$ 39.5 M	\$ 4.1 M
Excess (deficiency) or revenues over expenses	(\$ 2.9 M)	\$ 9.0 M	\$ 2.4 M	(\$ 3.7 M)	\$121,575

Exhibit 2.9 - Summary of comparison of components of April 30, 2018 of four publicly funded universities and MCFT (continued)

Summary of comparison of components of April 30, 2018 financial statements of all four public universities and MCFT					
Area compared	University of New Brunswick	Université de Moncton	Mount Allison University	St. Thomas University	Maritime College of Forest Technology
Percentage of revenue from PNB	39.6%	51.2%	30.8%	39.7%	47.8%
Percentage of revenue from tuition and student fees	25.9%	18.5%	40.6%	49.4%	25.2%
Cash balance at April 30, 2018	\$ 57.2 M	\$ 19.1 M	\$ 6.2 M	\$ 0	\$ 0.7 M
Investments at April 30, 2018	\$ 364.5 M	\$ 95.1 M	\$ 188 M	\$ 21.7 M	\$ 0

¹ Statement of Changes in Fund Balances

² Statement of Net Assets

³ This information was not provided in the financial statements

⁴ Expenses presented in total only due to varying presentations by the institutions which did not allow a meaningful comparison

Source: Chart prepared by AGNB based on information included in the audited financial statements for the year ended April 30, 2018

2.42 Exhibit 2.9 shows there are significant variances in the value of net assets, from over \$300 million at UNB to \$41 million at STU. We were also surprised to see the differences in pension plans amongst the institutions, as these can vary in costs for the non-profit institutions. For example, UdeM and MTA (non academic) have defined benefit pension plans while others have defined contribution or shared risk plans.

MCFT was not transparent

2.43 We reviewed MCFT's website and found it is not transparent with its financial information. There were no financial statements available online, and it does not produce an annual report. We were told the institution plans to produce an annual report in 2019/20.

Recommendation

2.44 We recommend the Department require MCFT make available online its current and past (five years minimum) audited financial statements, as well as an annual report of its activities, to ensure it is publicly accountable for the funding it receives from the Province.

More Monitoring Needed

Department has “hands-off” approach to university funding of \$2 billion over the past decade

2.45 When asked about its approach to monitoring the use of funding to universities, we were told the Department takes a hands-off approach on the use of the operating grant provided to universities referred to as “unrestricted grant” by PETL. We were surprised at the lack of monitoring given the significant amount this funding represents. As shown in Exhibit 2.13, over \$210 million was provided in operating grants⁴ to universities in 2017/18; it represents over 90% of total operating assistance to NB’s four public universities. Over the past decade⁵, the four public universities received operating grants totalling over \$2 billion, with no direct oversight by the Department.

Operating grant has restrictions on use

2.46 When we reviewed MPHEC’s Unrestricted Operating Assistance Policy, we noted there are indeed restrictions on use of the grant. As per the policy, the “*Unrestricted Operating Assistance is provided for activities related to the delivery of approved programmes of instruction. These activities include teaching, research, laboratory, maintenance and administrative activities and, generally, do not include the support of services provided on a cost recovery basis such as residences and bookstores, scholarships, intercollegiate athletics, contract research, or the purchase of capital assets*⁶.” It is our understanding that the policy is MPHEC’s but is used exclusively by the Department.

Department did not communicate the restrictions on the use of the operating grant to universities

2.47 When we reviewed the funding letters issued by the Department to the three universities who signed the MOU in 2017/18, we noted there was no mention of the restrictions on the use of funding in the letter. There was no letter issued to STU during that year as it had not signed the MOU, so we were unable to determine if the restrictions were communicated to STU.

⁴ Referred to as “unrestricted operating grant” by PETL

⁵ Period of 2008/09 to 2017/18

⁶ *Implementation of the Maritime Provinces Higher Education Commission’s Unrestricted Operating Assistance Policy for Universities in the Province of New Brunswick*, MPHEC, July 2007

Restrictions include capital assets, but some universities have used operating income for capital asset investments

2.48 When we reviewed the audited financial statements of the four universities for the year 2017/18 and earlier, we found indications that some universities had transferred funds (between \$1.1 million and \$4.4 million) from operating funds to capital funds. In some cases, it was difficult to distinguish the purpose or source of the fund given the description provided in the financial statement.

Department does not require any reporting from universities on use of over \$210 million in operating funds in 2017/18

2.49 We found the Department does not require any reports from the universities on the use of over \$210 million in operating funds in 2017/18. Though the universities' operating funds are not solely made up of funding from the Province, it is nonetheless an important component of university funding. As shown in Exhibit 2.4, provincial funding represented between 31% and 51% of total university revenue in 2017/18. In our opinion, given the operating grant is not supposed to be used for the purchase of capital assets, its transfer from an operating fund to a capital fund for the purpose of investing in capital assets would be inappropriate.

Recommendations

2.50 We recommend the Department communicate the restrictions on the use of funding in the annual funding letter to universities.

2.51 We recommend the Department 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.

Review of funding provided for expansion of nursing program

2.52 During our testing, we also reviewed several other funding agreements and the Department's monitoring of funded activities. For the most part, we found few issues with the exception of the agreement for the expansion of the nursing program and the related funding provided to Université de Moncton (UdeM) and University of New Brunswick (UNB).

2.53 The objective of this program was to increase the number of Bachelor of Nursing and Masters of Nursing seats at UdeM and UNB. The agreements provided funding for a target number of new seats, in addition to

funding clinical⁷ training for pre-existing seats. The Department included funding clawbacks in the agreements when the target number of seats was not achieved.

Clawback calculation differed in previous agreements

2.54 From 2005-06 to 2009-10, any funding for seats that had not been filled was deducted from the next academic year's funding. However, for the period of 2011-12 to 2016-17, the agreements with the two universities differed. When targets weren't met, UNB's agreement clawback was 50% of the amount for new seats and the entire amount (clinical) for existing seats, rather than 100% of both as had previously been the case. UdeM did not benefit from this change.

Clawback calculation in 2017/18 was same for both universities

2.55 In the 2017-18 agreement, the clawback calculation and percentage was the same for both universities:

- Funding (clinical training) for pre-existing seats in Bachelor program is clawed back at 100% when target is not met;
- Funding for new seats in Bachelor program is clawed back at 50% when target is not met; and
- Funding for new seats in Masters program is clawed back at 100% when target is not met.

2.56 Despite the multiple agreements to expand the nursing program over the years, beginning in 2005/06, the targeted increase in the number of seats in the nursing programs remained consistent, as shown in Exhibit 2.10. The agreement expired at the end of 2018/19.

Funding for nursing program was provided in accordance with agreement and clawback was calculated correctly in 2017/18

2.57 We found that funding was provided in accordance with the agreement for 2017/18 (our test year) and the clawback was calculated correctly. Clawbacks are calculated and deducted from the following year's payment when the targeted number of seats is not met. There is a 2-year delay between payment and clawback for a particular year. We question why a 2-year delay is necessary given the enrolment numbers should be known much sooner.

⁷ Clinical training refers to practical experience and instruction in providing care to patients in a health care institution.

Recommendation

2.58 To achieve better performance on desired outcomes, we recommend the Department provide funding for program expansion, or other agreements, only after desired outcomes or targets have been achieved.

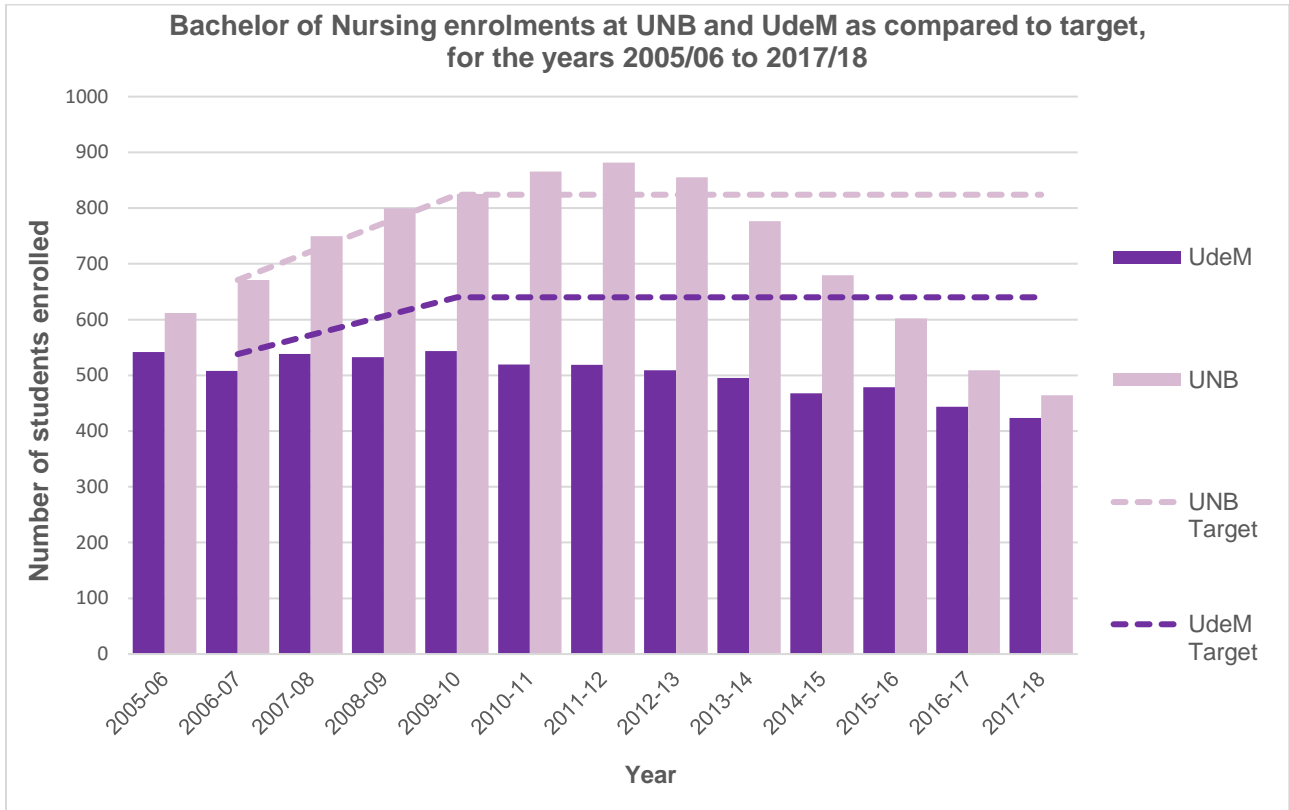
Province invested close to \$100 million for unsuccessful nursing program expansion

2.59 Between 2005/06 and 2018/19, the entire period there were agreements in place with UNB and UdeM for the expansion of the nursing program, the Province paid over \$96 million, net of clawbacks, for the expansion nursing program seats at these institutions. This agreement effectively funded clinical training of existing nursing students but did not achieve the intended expansion of seats.

Targets for nursing program enrolment at UdeM were never met and UNB did not meet targets in recent years

2.60 Despite this program being in place for 14 years, UdeM never met the targeted number of seats for the Bachelor of Nursing program, as shown in Exhibit 2.10. UNB on its part met the targets for several years in the beginning but failed to achieve the desired levels for the past five years, from 2013/14 to 2017/18. In fact, UNB's number of nursing seats decreased by 40% during this period to 464.50, well below its target of 824 seats in Bachelor of Nursing Program. According to the Department, UNB has had a waitlist for nursing program seats for several years.

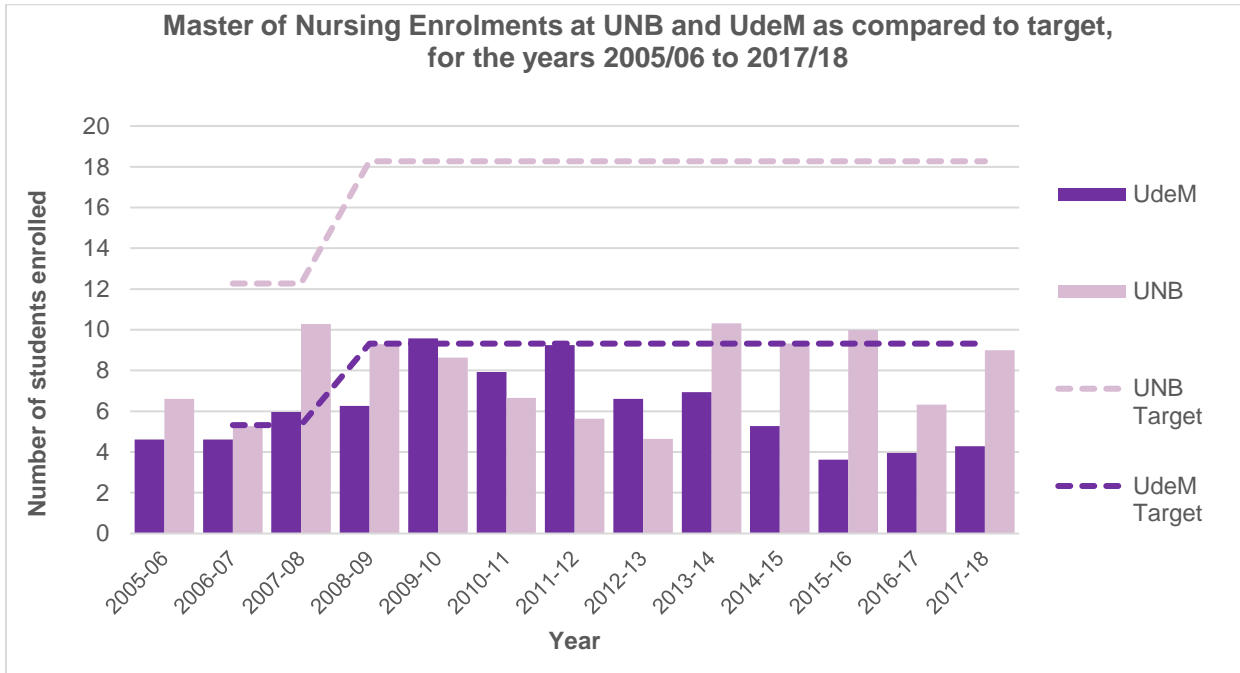
Exhibit 2.10 - Bachelor of Nursing enrolments at UNB and UdeM as compared to target, for the years 2005/06 to 2017/18



Source: Chart prepared by AGNB based on enrolment data provided by MPHEC

2.61 The Masters of Nursing program expansion was not successful. UdeM met the targeted number of seats on only two occasions during the period we examined, while UNB never met the target, as shown in Exhibit 2.11.

Exhibit 2.11 - Master of Nursing Enrolments at UNB and UdeM as compared to target, for the years 2005/06 to 2017/18



Source: Chart prepared by AGNB based on enrolment data provided by MPHEC

Department continued to pay despite targets not being met

2.62 During the years the nursing expansion program was not successful, the Province paid out close to \$64 million to the universities; \$29.3 million to UNB (for period of 2013/14 to 2018/19) and \$34.6 million to UdeM (for period of 2005/06 to 2018/19). Although the Department attempted to use the clawback as an incentive for the universities to meet the intended targets, it is clear this was not effective. The Department should have identified the reasons for the lack of success and made changes to the program, or cancelled the program earlier, as it was not achieving the intended outcome. Exhibit 2.12 shows the clawback taken from payments to universities for the period of 2013/14 to 2018/19, when both universities were not meeting the targeted number of nursing seats. As a result, this agreement only provided funding for clinical training of existing nursing students, without expanding the number of new seats.

Exhibit 2.12 - Amounts paid to universities for the expansion of the nursing program, 2013/14 to 2018/19

Amounts paid to universities for the expansion of the nursing program, 2013/14 to 2018/19						
Year	Amount received		Amount of clawback		Net amount Received	
	UNB	UdeM	UNB	UdeM	UNB	UdeM
2013/14	\$ 6,010,682	\$ 4,296,024	\$ 342,720	\$ 1,872,099	\$ 5,667,962	\$ 2,423,925
2014/15	6,130,896	4,381,488	349,574	2,300,839	5,781,322	2,080,649
2015/16	6,253,514	4,469,265	665,589	2,552,293	5,587,925	1,916,851
2016/17	6,253,514	4,469,265	1,600,754	2,742,846	4,652,760	1,726,298
2017/18	6,253,514	4,469,144	2,716,106 ₁	1,699,068 ₁	3,537,408	2,770,076
2018/19	6,253,514	4,469,144	2,787,098 ₁	1,662,767 ₁	3,466,416	2,806,377
Total	\$ 37,155,634	\$ 26,554,330	\$ 8,461,841	\$ 12,829,912	\$28,693,793	\$13,724,418

Source: Chart prepared by AGNB based on information provided by the MPHEC

₁ These amounts were invoiced by the Department to the University but had not been collected as at the date of our audit.

Department did not take corrective action on lack of performance

2.63 Overall, we found the Department was monitoring the enrolment associated with the program. As a result, the Department was aware the targeted seats were not being met but did not take corrective action in a timely manner. UdeM and UNB were not achieving their targets for many years yet the Department continued offering the same program. The Department explained the agreement was renewed as an interim measure as new solutions to address the nursing shortage were contemplated.

2.64 We were also surprised that this program provided funding for clinical training for existing nursing students. If existing funding is not sufficient to meet the needs of a program, the Department must re-examine how it distributes funding to universities. This issue is addressed in a recommendation in the next section of this chapter, concerning the weighting of programs in the funding formula.

Recommendation

2.65 We recommend the Department take corrective action in a timely manner when expected performance targets have not been achieved.

Review of funding provided in “restricted” operating grant

2.66 Restricted operating assistance is provided by the Province to universities to “ensure minimum levels of expenditure are devoted to maintaining physical facilities

and acquiring equipment and library volumes⁸.” In recent years, the overall budget for restricted operating assistance for universities and MCFT has been about \$9.6 million annually.

Restricted assistance policy allows a 1-year carry-forward of unspent restricted operating grant

2.67 Universities only receive funds from the restricted operating grant once expenditures have been made. To be reimbursed for costs incurred, universities must provide a certified statement of expenditures to MPHEC. According to the policy, any unspent monies can be carried forward, in MPHEC’s accounts, for a maximum of one fiscal year past the year to which the allotment relates.

One university had carry-forwards from over 5 years on restricted operating grant

2.68 We reviewed a sample of expenditures under this policy during 2017/18. We found expenditures claimed by one university in 2017/18 dated back to projects in 2012/13, even though the policy only allows a 1-year carry forward of unused funds. According to MPHEC, challenges to completing major projects on time had caused delays and carry forwards of over \$7.5 million at 31 March 2018. However, MPHEC has also indicated that recent claims in spring 2019 have cleared a backlog of claims related to projects from 2016/17 and older. This is a marked improvement.

Recommendation

2.69 We recommend the policy for restricted operating grants be followed, or the Department reconsider the appropriateness of the 1-year carry forward limit and amend the policy accordingly.

⁸ *Maritime Provinces Higher Education Commission Restricted Operating Assistance Policy*, MPHEC, April 1, 1996

Funding Formula Not Used for Several Years

In 2017/18, over \$230 million in funding was provided to universities

2.70 The Province provides operating grants to universities through the Maritime Provinces Higher Education Commission (MPHEC). MPHEC uses a funding formula, developed in 1979, for the allocation of the operating grant⁹ to the universities. The operating grant to universities was close to \$ 211 million in 2017/18. Exhibit 2.13 lists the total departmental funding to universities and MCFT in 2017/18.

Exhibit 2.13 - Total funding to universities and Maritime College of Forest Technology in 2017/18 (rounded)

Total funding to universities and MCFT in 2017/18 (rounded)						
	University of New Brunswick	Université de Moncton	Mount Allison University	St. Thomas University	Maritime College of Forest Technology	Total
Unrestricted operating grant	\$ 113,083,700	\$ 64,987,000	\$ 20,537,100	\$ 12,180,200	\$ 2,090,400	\$ 212,878,400
Restricted operating grant (1)	4,838,100	2,391,000	984,700	259,500	126,100	8,599,400
Program expansion: medical, nursing and other	1,905,500	7,179,500	215,600	-	-	9,300,600
Provincial contribution to Official Languages in Education (2)	-	2,500,000	-	-	-	2,500,000
Ancillary Projects	675,800	846,200	-	-	-	1,522,000
Total	\$ 120,503,100	\$ 77,903,700	\$ 21,737,400	\$ 12,439,700	\$ 2,216,500	\$ 234,800,400

Source: Chart prepared by AGNB based on information provided by MPHEC financial statements for the year ended March 31, 2018

- (1) The restricted operating grant is for the maintenance of physical facilities and acquiring equipment and library volumes.
- (2) The Université de Moncton received \$2.5 million in funding for its role as a French language university.

⁹ Referred to as the “unrestricted operating grant” by PETL

2.71 The operating grant to universities is for activities related to educational programs, and includes teaching, research, laboratory, maintenance and administrative activities. The assistance is not to be used for the support of services provided on a cost recovery basis such as residences and bookstores, scholarships, intercollegiate athletics, contract research, or the purchase of capital assets.¹⁰

Funding formula designed for objective allocation of funds

2.72 The funding formula is important because it emphasizes funding stability and is intended to provide an objective allocation of funds to the four universities. The provincial grant is a significant component of university funding. As such, the funding formula plays an important role in ensuring a fair and consistent allocation of the available funds to the universities. When the formula isn't used, factors such as enrolment and the types of programs offered are not considered in the allocation of funds.

How the funding formula works

2.73 When using the funding formula, the calculation of the amount of operating grant provided to universities starts with the budgeted amount allotted by PETL, as per Main Estimates. This amount is divided into two portions: 75% for the flat grant and 25% for the enrolment grant.

2.74 The overall flat grant amount for the current year is compared to prior year amount to determine the percentage increase or decrease in the total flat grant amount. This percentage is then applied to each institution's prior year flat grant amount to determine the current year flat grant value.

¹⁰ *Implementation of the Maritime Provinces Higher Education Commission's Unrestricted Operating Assistance Policy for Universities in the Province of New Brunswick, MPHEC, July 2007*

2.75 In addition to the flat grant, the Université de Moncton also receives a supplementary grant in compensation for additional costs incurred in maintaining a French language institution. This amount is determined by multiplying the prior year amount by the percentage increase or decrease in the flat grant as described earlier.

2.76 The enrolment grant is calculated by taking the total enrolment grant amount and dividing it by the total number of weighted full-time equivalents (WFTE) for all four universities. This gives the unit grant per WFTE. The WFTE is the average full-time enrolment (excluding international undergraduate students) of the previous three years. A 3-year average is used to smooth any sharp fluctuations in enrolment. Each student is assigned a weight depending on the program they are enrolled in. This weighting reflects that some programs have higher costs than others. These higher costs programs are assigned a higher “weight” than other programs. For example:

- an arts student is assigned a weight of 1.5;
- a business student is assigned a weight of 2.0;
- a computer science student is assigned a weight of 3.0;
- a nursing or law student is assigned a weight of 4.0;
- a student enrolled in medicine is assigned a weight of 12.0.

2.77 The WFTE per institution is multiplied by the unit grant to calculate its enrolment grant.

2.78 In addition, there are inter-institutional transfers between UNB and STU because of shared services between the institutions. These amounts are based on agreements between the two institutions and adjusted annually by the same percentage as the flat grant.

2.79 The Maritime College of Forest Technology is not included in the funding formula. The annual allocation to the college is determined independently of the funding

formula by the Province¹¹, following a budget approval process. In general, if the Province provides an increase or freeze in funding to universities, the MCFT will receive the same percentage increase or freeze in funding. As shown in Exhibit 2.9, funding from the Department is the largest component of MCFT's revenue, at 48% in 2017/18, followed by student fees which made up 25% of its revenue. We reviewed the budget approval process used for MCFT. We found it was detailed and thorough given the amount of funding provided to MCFT, approximately \$2.2 million in 2017/18.

Funding provided to universities in 2017/18 was not allocated based on the funding formula established in 1979

2.80 Funding provided to universities in 2017/18 was not allocated based on the funding formula because the formula has been frozen since 2015/16. Instead, universities received a 1% increase in funding based on the amount received in 2016/17, as per a Memorandum of Understanding (MOU) between the Province and three of the four universities for the period of 2017/18 to 2020/21¹². This equates to a flat grant and does not take into account enrolment.

2.81 The MOU also provides additional annual increases to the operating grant of 1% in 2018/19 and 2019/20, followed by a 2% increase in 2020/21, in addition to new funding of \$2.2 million for pilot projects to be allocated to the universities. The MOU between the Province and the University of New Brunswick, Mount Allison University and Université de Moncton was intended to “ensure predictable funding through a four-year funding commitment.”

2.82 According to the Department, government chose to freeze the funding formula to ensure all universities were treated equally in terms of year-over-year funding, with all receiving 1% increase in 2017/18, 2018/19 and 2019/20. Had the formula not been frozen, some universities would have received more than 1% and some would have

¹¹ *Implementation of the Maritime Provinces Higher Education Commission's Unrestricted Operating Assistance Policy for Universities in the Province of New Brunswick*, MPHEC, July 2007

¹² St. Thomas University had not signed the MOU in 2017/18, the period we examined. In July 2019, we were informed St. Thomas University had agreed to sign the MOU.

received less than 1% due to the enrolment grant portion of the formula.

Amounts paid in 2017/18 were in accordance with recent MOU and agreements

2.83 We reviewed the amounts paid to the universities and the MCFT in 2017/18 and found the amounts were in accordance with the various funding agreements. We also noted the MOUs with the three signing universities were consistent in content.

St. Thomas University did not sign the funding MOU until July 2019, while other universities signed in early 2018

2.84 Because it didn't sign onto the MOU in 2017/18, St. Thomas University received the same amount of funding it received in 2016/17 without the 1% annual increase and had no access to pilot project funding¹³. In a 2018 memorandum to faculty and staff, STU's President and Vice-Chancellor stated "*St. Thomas University and our students are underfunded when compared to other publicly funded universities. (...) This is a public policy issue of simple fairness and equity. Given its importance, our Board of Governors has directed we not sign any agreement with the Provincial Government unless there is progress to correct the inequity in the grant.*"¹⁴ In late July 2019, the university agreed to sign the MOU; as a result, the operating fund increases will be made retroactively for 2017/18 to 2019/20.

Use of funding formula would disadvantage some universities

2.85 According to the Department, when the use of the funding formula to allocate funding will cause a decrease in funding to one or more universities, the Department will elect to freeze the formula to avoid causing financial strain to the universities. This usually occurs when there has been a decrease in enrolment, which negatively affects the enrolment portion of the unrestricted operating grant.

MOU froze funding formula

2.86 We have been told by the Department that the funding formula will be used in 2020/21 to allocate funding for that year. When asked about the approval of the decision to freeze the funding formula, we were told the MOU, as signed by the Minister, is the supporting document with

¹³ A total of \$2.2 million was available for pilot projects to increase enrolment and to create research and development opportunities.

¹⁴ *Internal Memorandum from Dawn Russell, President and Vice-Chancellor to Faculty and Staff of St. Thomas University, January 26, 2018*

respect to the funding formula freeze. Per our review of the MOU, its contents did not mention the method to allocate funds or the fact the funding formula will be frozen for 3 of 4 years of the MOU. However, we did note the funding letters sent to the universities in March 2018 did state “*as set out in the MOU, the university funding formula will be frozen until 2020-2021*”. In addition, the MOU signed by STU in July 2019 states the following in the appendix:

Funding formula will not be used between 2017-18 and 2019-20. The funding formula will be applied starting in 2020-21.

Funding formula should be revisited to ensure it continues to be relevant

2.87 From our review, there are indications the funding formula, or its components, should be re-examined by the Department:

- Funding formula has been frozen since 2015/16 as, according to the Department, its application could have caused financial hardship to some universities;
- St. Thomas University’s reluctance to sign the funding MOU until July 2019 and its challenge that it is not properly funded;
- Operational differences between universities that affect costs, such as pension plans;
- Since 2010, appropriations of \$2 to \$3 million per year have been required for Université de Moncton for its role as a French language university, in addition to its operating grant amount;
- Continuing decrease in enrolment due to demographics will continue to affect university enrolment and future sustainability of the province’s universities.

Recommendation

2.88 **We recommend the Department, in consultation with the universities, re-examine the relevance of the current funding formula and its components, such as the weighting of the various programs, to ensure it continues to be the most suitable choice to allocate funding to universities and to motivate the achievement of funding objectives.**

Appendix I – About the Audit

This independent assurance report was prepared by the Office of the Auditor General of New Brunswick on Funding to Universities and Maritime College of Forest Technology. Our responsibility was to provide objective information, advice, and assurance to assist the Legislative Assembly in its scrutiny of Funding to Universities and Maritime College of Forest Technology.

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 Canadian Standard on Quality Control 1 and, accordingly, maintains a comprehensive system of quality control, including documented policies and 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 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; and
- confirmation that the findings in this report are factually based.

Period covered by the audit:

The audit covered the period between April 1, 2017 and March 31, 2018. 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 that preceded the starting date of the audit period.

Date of the report:

We obtained sufficient and appropriate audit evidence on which to base our conclusion on November 5, 2019 in Fredericton, New Brunswick.

Appendix II – Audit Objective and Criteria

The objective and criteria for our audit of Funding to Universities and the Maritime College of Forest Technology is presented below. The senior management of the Department of Post-Secondary Education, Training and Labour reviewed and agreed with the objective and associated criteria.

Objective	To determine if the Department of Post-Secondary Education, Training and Labour: <ul style="list-style-type: none"> • Provides funding to universities and the Maritime College of Forest Technology in accordance with policies and agreements; • Monitors the use of provincial funds by universities and the Maritime College of Forest Technology to ensure funds are being spent in accordance with provincial requirements and outcomes; and • Holds universities and the Maritime College of Forest Technology accountable for the funds received.
Criterion 1	Funding to universities and the Maritime College of Forest Technology should be allocated in accordance with the MOU or relevant agreement.
Criterion 2	Funding to universities and the Maritime College of Forest Technology should be allocated in accordance with the funding formula.
Criterion 3	Department should monitor universities and the Maritime College of Forest Technology to ensure the funding is used in accordance with the applicable agreement and/or funding policy.
Criterion 4	Department should monitor universities and the Maritime College of Forest Technology to ensure funding granted is achieving provincial goals.
Criterion 5	Agreements for funding of universities and the Maritime College of Forest Technology should include accountability mechanisms to ensure universities are accountable for the funding received.
Criterion 6	Department should enforce the accountability mechanisms included in funding agreements.
Criterion 7	Department should publicly report on the funding provided to universities and the Maritime College of Forest Technology.

Source of criteria: Criteria were developed by AGNB using information collected during scoping and planning.

Chapter 3

Department of Social Development – Group Homes and Specialized Placements

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Group Homes and Specialized Placements – Department of Social Development

Report of the Auditor General – Volume II, Chapter 3 – December 2019

Why Is This Important?

- Children taken into the care of the Province under the *Family Services Act* are among the most vulnerable in the Province
- Inadequate care of these children can have disastrous consequences, contributing to suicide attempts, addictions, long-term mental health challenges and homelessness

Overall Conclusions

- The Department does not effectively manage placement and care of children in group homes and specialized placements
- Department standards exist but weaknesses need to be addressed to improve quality of care to children
- The Department does not plan effectively to ensure adequate group home capacity exists in the Province

What We Found

Poor Planning for Child in Care Placements Creates Risk for Children

- Placement options limited when children enter care – decreasing foster home availability and emergency placement options strained
- Increased use of group homes and increased number of young children in group homes
- Increasing complex behaviours of children coming into care
- 9 of 15 specialized placements without service contract stating conditions and performance expectations
- No standardized Department forecasting or resource planning for children coming into care

Weaknesses in Quality of Care Increase Risk of Poor Outcomes

- Case planning requires improvement
- Limited development outcomes set for children
- Care plans for children do not meet standards
- High social worker and group home employee turnover
- Social worker and group home employee training improvements are required
- Weak Department information system limits social worker efficiency and effectiveness

Ineffective Department Standards

- No standards for children in temporary care
- No standards governing specialized placements
- Standards have weak performance indicators

Poor Monitoring and Reporting

- Department annual monitoring of contracted service providers requires improvement
- No standard monitoring procedures for specialized placements
- Ineffective use of social worker skillset

Key Findings and Observations Table

Group Homes and Specialized Placements – Department of Social Development

Paragraph	Key Findings and Observations
	Ineffective Department Standards
3.37	Social Development has standards governing the Child in Care program and Children’s Residential Services
3.43	1999 Child-in-Care Program Standards included children in temporary care
3.44	No standards for children in temporary care since 2018
3.48	No standards for specialized placements
3.49	Department has guidelines for specialized placements
3.51	Lack of standards can impact the quality of care
3.54	Standards have weak key performance indicators
3.60	Standards and other guidance not fully integrated
3.61	2010 standards are outdated
3.62	Standards not cross-referenced with related program standards and guidance documentation
	Poor Planning for Child in Care Placements
3.68	Lack of child in care placement options
3.73	Increasing use of group homes
3.77	Group homes raise capacity concerns
3.79	Younger children placed in group homes
3.82	Every 10 children placed in group homes instead of foster homes estimated to cost \$1.6 million more annually
3.85	Increasing case complexity is expanding the use of specialized placements
3.87	Average annual cost per specialized placement in one region was \$421,000
3.89	Regional emergency placement options are strained

Key Findings and Observations Table (continued)

Paragraph	Key Findings and Observations
	Poor Planning for Child in Care Placements (continued)
3.91	<i>Service level agreements do not exist for all specialized placements</i>
3.92	<i>Department used 15 specialized placements between 2017 and 2019</i>
3.93	<i>9 of 15 specialized placement facilities were operating without a service level agreement</i>
3.96	<i>Children placed out of their communities impacts their personal stability</i>
3.98	<i>No specific strategy to address capacity and service delivery issues</i>
3.103	<i>No standardized forecasting for future resource requirements</i>
3.104	<i>No Department or regional resource plans</i>
3.106	<i>Limited group home information tracked and used in planning</i>
	Weaknesses in Quality of Care
3.109	<i>Weaknesses impacting children's quality of care</i>
3.112	<i>Children's case plans are inconsistent</i>
3.113	<i>Limited evidence of outcomes in case plans</i>
3.116	<i>Care plans do not meet standards</i>
3.117	<i>Limited joint development of care plans</i>
3.119	<i>Care plan content is inconsistent</i>
3.122	<i>Social worker caseload turnover is high</i>
3.123	<i>Operator personnel turnover is extreme</i>
3.127	<i>Required training for Operator personnel and Department social workers not timely</i>
3.129	<i>Cultural awareness training could be improved</i>
3.132	<i>Department does not adequately prepare children and youth to transition out of care</i>
3.133	<i>No clear direction or strong standard guiding preparation for adulthood</i>
3.135	<i>No evidence of consistent planning for independent living and adulthood or monitoring of outcomes</i>

Key Findings and Observations Table (continued)

Paragraph	Key Findings and Observations
3.139	<i>NB Families information system functionality limits effectiveness and efficiency</i>
3.142	<i>Department data integrity and availability issues</i>
	Poor Monitoring and Reporting
3.147	<i>Standards require annual monitoring of group homes</i>
3.148	<i>Annual monitoring not always completed as required</i>
3.150	<i>Forms completed by Operator personnel</i>
3.151	<i>Operators raised concerns and issues in the annual review documents</i>
3.152	<i>Insufficient evidence that regions are acting on Operator feedback</i>
3.155	<i>Health and safety reviews by social workers</i>
3.156	<i>Non-effective use of social work skills and expertise</i>
3.158	<i>Monitoring at specialized placements is not standardized</i>
3.161	<i>Department does not publicly report on performance</i>

Recommendations and Responses

Recommendation	Department's response	Target date for implementation
<p>3.53 We recommend the Department of Social Development:</p> <ul style="list-style-type: none"> • develop and implement Child in Care practice standards to specifically address children taken into temporary care; and • develop and implement standards for specialized placements. 	<p><i>The Departmental Multiple Response Practice Standards in Child Protection and Family Enhancement Services (2011) and Child in Care Program Practice Standards (2018) provide service delivery direction for children taken into temporary care. The Department agrees that specific standards to address mandatory tasks or activities regarding service delivery for children in temporary care would be beneficial and is currently drafting specific practice standards related to children in temporary care.</i></p> <p><i>The Department is in the process of drafting new regulations and standards to support the practice of child specific placements as part of the Kinship Model. The decision to establish new regulations remains with the Legislative Assembly.</i></p>	<p><i>Fall 2020</i></p> <p><i>February 2020</i></p>

Recommendations and Responses (continued):

Recommendation	Department's response	Target date for implementation
<p>3.59 We recommend the Department of Social Development:</p> <ul style="list-style-type: none"> • include in their standards, specific key performance indicators for each standard; • set a minimum level of performance in line with the performance indicator(s) specified; and • update monitoring procedures to include guidance in measuring the performance indicator(s) for each standard. 	<p><i>The Department accepts the recommendation. The intention is for all standards to be written in a manner that clearly articulates minimum service delivery expectations.</i></p> <p><i>The Department hired an external consultant in February 2018 to do an independent review of child protection and family enhancement services in New Brunswick. Savoury Consulting Ltd. (hereinafter referred to as the Savoury Report) presented the Department a report entitled Review of the Effectiveness of New Brunswick's Child Protection System (2018) which has resulted in the Child Protection System Enhancement Project (CPSE).</i></p> <p><i>This recommendation aligns with a recommendation from the Savoury Report to revise standards using a standardized template. The Department is committed to continually reviewing standards to ensure best practices are presented with specific key performance indicators.</i></p>	<p><i>Immediately and Ongoing</i></p>

Recommendations and Responses (continued):

Recommendation	Department's response	Target date for implementation
<p>3.66 We recommend the Department of Social Development integrate key procedures, guidelines, policies and standards into their current and future standards.</p>	<p><i>The Department accepts the recommendation. This recommendation aligns with a recommendation the Department accepted from the Savoury Report to revise standards using a standardized template. The Department is committed to continually reviewing standards to ensure current policies, procedures and guidelines are referenced in the document.</i></p>	<p><i>Immediately and Ongoing</i></p>

Recommendations and Responses (continued):

Recommendation	Department's response	Target date for implementation
<p>3.67 We recommend the Department of Social Development revise the:</p> <ul style="list-style-type: none"> • Children's Residential Services Practice Standards for Child in Care Residential Centres; and • Children's Residential Centre Service Standards for Operators to increase integration with policies, guidelines, procedures and other mandatory standards. 	<p><i>The Department accepts the recommendation. The last comprehensive review of the Children's Residential Services Practice Standards for Child Care Residential Centres and Child Care Residential Centre Service Standards for Operators was completed in 2010 with amendments made in the interim. The Department has planned a comprehensive review of these standards to incorporate ongoing work with the Network of Excellence and the New Brunswick Association of Youth Residential Services to implement an ARC (Attachment, Regulation, Competency) Framework for trauma-informed service delivery with group homes.</i></p> <p><i>The Department reaffirms its commitment to continually reviewing standards to ensure current policies, procedures and guidelines are referenced in the document.</i></p>	<p><i>Fall 2020</i></p>

Recommendations and Responses (continued):

Recommendation	Department's response	Target date for implementation
<p>3.95 We recommend the Department of Social Development develop and implement standardized service level agreements across all regions for all specialized placement facilities.</p>	<p><i>The Department accepts the recommendation. The Department is currently drafting new standards to support child specific placements as part of the Kinship Model. The Department's contract administration team will be consulted during this process as part of the ongoing contract optimization initiative.</i></p>	<p><i>February 2020</i></p>
<p>3.101 We recommend the Department of Social Development 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>	<p><i>The Department supports the importance of developing and implementing a strategy to address group home capacity and service delivery challenges across the Province. Currently, it is the responsibility of the regional Children's Resource Services (CRS) Supervisor to conduct an annual assessment of the group homes in the region and make recommendations, when required, to create additional resources, reduce resources or make program changes to current centers to meet the placement needs of the region. The Department will explore the feasibility of developing and implementing a provincial strategy to address group home capacity and service delivery challenges. Additionally, the work happening through the CPSE project may inform this strategy.</i></p>	<p><i>Fall 2020</i></p>

Recommendations and Responses (continued):

Recommendation	Department’s response	Target date for implementation
<p>3.108 We recommend the Department of Social Development:</p> <ul style="list-style-type: none"> • forecast regional and provincial demand for placement services; and • standardize resource planning procedures to be used by regions and implemented provincially. 	<p><i>The Children’s Residential Services Practice Standards for Child Care Residential Centres details the responsibility of the regional CRS Supervisor to conduct an annual assessment of the group homes in the region and make recommendations, when required, to create additional resources, reduce resources or make program changes to current centers to meet the placement needs of the region.</i></p> <p><i>The Department recognizes the opportunity to increase the consistency and effectiveness of the resource forecasting and planning. The Department will explore opportunities to align with other processes underway in the Department to enhance capacity for efficient forecasting and planning. The review of the Children’s Residential Services Practice Standards for Child Care Residential Centres and Child Care Residential Centre Service Standards for Operators will include consideration of best practices in this area.</i></p>	<p>Fall 2020</p>

Recommendations and Responses (continued):

Recommendation	Department's response	Target date for implementation
<p>3.115 We recommend the Department of Social Development design and implement case planning procedures for regional personnel, including:</p> <ul style="list-style-type: none"> • standardized content requirements supporting achievable outcomes for children taken into care; and • regular case plan review and revision requirements to conform with standards. 	<p><i>The Department supports the recommendation to further enhance the case planning process for children in care by including more specific parameters in standards.</i></p> <p><i>The Child in Care Program Practice Standards require that every child who comes into care has an individual case plan specific to their needs. The child's case plan is reviewed, at least, every six months and as significant circumstances arise.</i></p> <p><i>This recommendation aligns with an accepted direction currently being addressed in the CPSE project to change the mandate of the Permanency Planning Committee to be exclusive to permanency planning for children in care, temporary and permanent.</i></p>	<p><i>December 2020</i></p>

Recommendations and Responses (continued):

Recommendation	Department’s response	Target date for implementation
<p>3.121 We recommend the Department of Social Development:</p> <ul style="list-style-type: none"> • comply with standards and jointly develop care plans with group home and specialized placement Operators; • standardize requirements and documented procedures for care plans to include objectives and actions that align with Department case plans; and • set specific requirements for regular review of care plan changes by Department social workers. 	<p><i>The Child in Care Program Standards provides clear directive that a care plan be developed within 14 calendar days of the first day of placement through a collaborative approach with the child (as appropriate to their age and development), the child’s social worker, the caregivers, and the CRS social worker. The Department, through the Provincial Program Consultants and clinical supervision in the regions, will place more emphasis on adhering to the standards to ultimately support positive outcomes for children in care.</i></p> <p><i>The Department will explore assessment tool options to guide social workers and service providers toward well-defined measurable goals and outcomes in case and care planning which would be reviewed, under the revised mandate of the Permanence Planning Committee.</i></p>	<p>Ongoing</p> <p>December 2020</p>

Recommendations and Responses (continued):

Recommendation	Department's response	Target date for implementation
<p>3.131 We recommend the Department of Social Development:</p> <ul style="list-style-type: none"> • ensure required training is completed in regional offices, group homes and specialized placement facilities before caseloads are assigned to personnel; and • provide cultural awareness training across regional offices, group homes and specialized placement facilities. 	<p><i>The Department's training policy stipulates the importance for all social workers working in child welfare programs to complete the Child Welfare Training Core 100 Series within their first year of employment.</i></p> <p><i>In collaboration with the Department of Health, through the Network of Excellence, the Department is in the first phase of an initiative to train regional staff and group home staff in a trauma-informed model of care. Beginning in May 2019, a training called Treating Complex Childhood Trauma: The attachment, regulation and competency framework was presented by Dr. J. Pressley to staff of Social Development, Public Safety, and Mental Health as well as ISD Child & Youth team members and group home staff. The Department of Health is coordinating trauma-informed care coaching for Integrated Service Delivery (ISD) Child & Youth teams, regional staff and group home staff to support learning and application of key concepts of the ARC model over the next year.</i></p> <p><i>The Department is committed to ensuring that services are provided in a culturally sensitive manner. The CORE training system for child welfare staff includes competencies on cultural understanding. In addition, the Department offers Aboriginal Awareness Training on an ongoing basis, with the next session scheduled for February 2020.</i></p>	<p><i>Ongoing</i></p>

Recommendations and Responses (continued):

Recommendation	Department's response	Target date for implementation
<p>3.138 We recommend the Department of Social Development:</p> <ul style="list-style-type: none"> • 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; and • 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. 	<p><i>The Department commits to enhancing the existing Independent Living and Transition to Adulthood planning process in the current Child in Care Practice Standards by establishing a timeframe for reviews by the Permanency Planning Committee and identifying group homes and specialized placement facilities' operators as core participants in those reviews.</i></p> <p><i>The Child in Care Practice Standards require an ongoing process of building and assessing the child's independent living skills, and providing education and opportunities to test those skills, where the social worker works collaboratively with others (i.e. caregivers, support workers, significant persons and service providers) to prepare the child well in advance of leaving care. The Department will review best practices with respect to the age for initiating this process.</i></p> <p><i>The review of the Children's Residential Services Practice Standards for Child Care Residential Centres and Child Care Residential Centre Service Standards for Operators will include specific direction regarding collaborative transition planning.</i></p>	<p><i>December 2020</i></p>

Recommendations and Responses (continued):

Recommendation	Department's response	Target date for implementation
3.145 We recommend the Department of Social Development evaluate options to improve or replace the NB Families information system with the aim of increasing efficiency and effectiveness in case management practices.	<i>The Department is constantly looking for ways to increase the efficiency and effectiveness of the NB Families system.</i>	<i>Ongoing</i>
3.146 We recommend the Department of Social Development 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.	<i>The Department accepts the recommendation. The Department will conduct a review to consider the feasibility of enhancing the collection and maintenance of data regarding child care resource services.</i>	<i>September 2020</i>

Recommendations and Responses (continued):

Recommendation	Department's response	Target date for implementation
<p>3.154 We recommend the Department of Social Development:</p> <ul style="list-style-type: none"> • document responses and actions taken to address feedback and concerns raised when reviewing Operator completed evaluation forms; and • follow-up on Operator feedback and the results of actions taken to address issues identified in the annual review. 	<p><i>The Department accepts the recommendation. The review of the Children's Residential Services Practice Standards for Child Care Residential Centres and Child Care Residential Centre Service Standards for Operators will include consideration of best practices in this area.</i></p>	<p><i>Fall 2020</i></p>
<p>3.160 We recommend the Department of Social Development design and implement documented procedures for monitoring and evaluating the performance of specialized placement facilities.</p>	<p><i>The Department accepts the recommendation. The Department is currently drafting new standards to support child specific placements that will include consideration of best practices in monitoring and evaluating service delivery.</i></p>	<p><i>February 2020</i></p>
<p>3.164 We recommend the Department of Social Development publicly provide current statistical information on child welfare programs and publicly report on program performance.</p>	<p><i>The Department recognizes the value of transparency in service delivery.</i></p> <p><i>The Department currently provides statistical information on child welfare programs as requested and will publicly provide statistical information on child welfare Programs. The Department will look at how it can publicly report on program performance measures.</i></p>	<p><i>Fall 2020</i></p>

Audit Introduction

3.1 The Department of Social Development provides services to the most vulnerable of the Province's population. Providing quality services to children and youth taken into care can have a profound impact on their future success. This can lead to positive long-term results for the Province when those children become adults and productive citizens. Alternatively, poor management of care provided to those children can have disastrous consequences, contributing to suicide attempts, addictions, long-term mental health challenges and homelessness. This chapter examines the effectiveness of the Department's practices in providing quality services to children and youth in youth residential services (group homes) and specialized placements.

3.2 In New Brunswick, group homes are often responsible for caring for vulnerable youth in crisis. They have been successful in collaborating as a unified body represented by the New Brunswick Association of Youth Residential Services.

Forward planning at the Department of Social Development

3.3 Department senior managers made us aware of initiatives underway or in planning that could alleviate some of the pressures on the residential system and address some of the findings we raise in this report. These initiatives, many of which were recommended by an external consultant contracted by the Department, include:

- Draft legislative changes to the *Family Services Act* and regulations;
- Multi-department initiatives, to address training and remuneration for workers in various fields including child welfare; and
- Ongoing implementation of the Integrated Service Delivery model and the network of excellence.

We recognize the Department is making efforts to improve services it delivers. Since these improvements were not fully implemented at the time of our audit, we could not evaluate the impact of the proposed changes.

Why we chose this topic

3.4 We chose to audit youth residential services, specifically group homes and other placements for children in care, for the following reasons:

- Children taken under care of the Province and placed in group homes are among the most

vulnerable in the Province. They often suffer from neglect, abuse, addiction and/or mental health issues within the family when taken into care. Their future outcomes may depend on the care they receive as a temporary or permanent ward of the Province.

- In 2013 we reviewed foster care in the Province and during our work, identified group homes as a potential audit project.
- Our discussions with other stakeholders in the Province, including representatives of the New Brunswick Association of Youth Residential Services, Partners for Youth and the Child and Youth Advocate, highlighted areas of concern with the care children received in group homes and other related placements.

Audit objective

3.5 The objective of this audit was to determine if the Department of Social Development effectively manages the placement and care of children under the *Family Services Act*.

Audit scope

3.6 Our audit focused on planning and delivery of child in care residential services in the Department of Social Development and included both group homes and specialized placements. Our work did not include foster care as we had previously covered this area in 2013.

Audit approach

3.7 Our observations, findings and conclusions were based on:

- examination of Department legislation, policy, standards and reports relevant to our work;
- sample testing of client files from 4 of 8 regions representing 80% of the total provincial group home capacity;
- analysis of data provided by the Department; and
- interviews with Department personnel, group home and specialized placement operators and other relevant stakeholders, including Partners for Youth.

3.8 As part of our audit we hired experts in child welfare to review the Departments standards and assess the adequacy and quality of standards specific to group home agencies

and associated care under the *Family Services Act*. Findings and recommendations from the expert are included in this report where applicable.

3.9 Excerpts of discussions we had with key stakeholders citing their concerns regarding the state of the group home system can be found in Appendix I. 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.

*Note to readers –
reliability of Department
data*

3.10 As reported in the following sections, we found inconsistencies in some of the data provided by the Department and presented in this chapter for information purposes. As such, we caution readers not to rely upon this information without exercising appropriate due diligence to ensure it meets their needs.

Conclusions

3.11 We concluded:

- the Department of Social Development does not effectively manage the placement and care of children in group homes and specialized placements under the care of the Minister;
- the Department needs to develop practice standards for children in temporary care and for specialized placements. The Department should also set clear performance expectations within the existing standards to improve the quality of care provided to all children under the care of the Minister;
- the Department does not plan effectively to ensure adequate residential placements are available for children coming into care; and
- the Department's monitoring requires improvement in order to evaluate services provided by group homes and specialized placements and use the information to improve outcomes for children in care.

Background Information

3.12 These weaknesses could result in:

- safety risks to children;
- poor quality of care;
- lack of available beds and services;
- unsuccessful outcomes for children; and
- poor value for taxpayer dollars.

3.13 The Department of Social Development (Department) delivers critical social services to the most vulnerable people in New Brunswick, including children taken into the care of the Minister under the *Family Services Act* (Act).

3.14 The Act provides the Minister of Social Development with a mandate to:

- “determine the need for community placement resources” and “enter into a contract with respect to the use of a community placement resource” under Part II;
- provide protection services as prescribed under Part III, including placing “the child under protective care” and ensuring “that a plan for the care of the child is established to ensure that his or her security and development are adequately protected”; and
- take children into the care of the Province under Part IV.

Social Development spends over \$1 billion annually

3.15 Exhibit 3.1 presents the Department’s expenditures, totaling over \$1 billion annually.

Exhibit 3.1 - Social Development expenditures by program

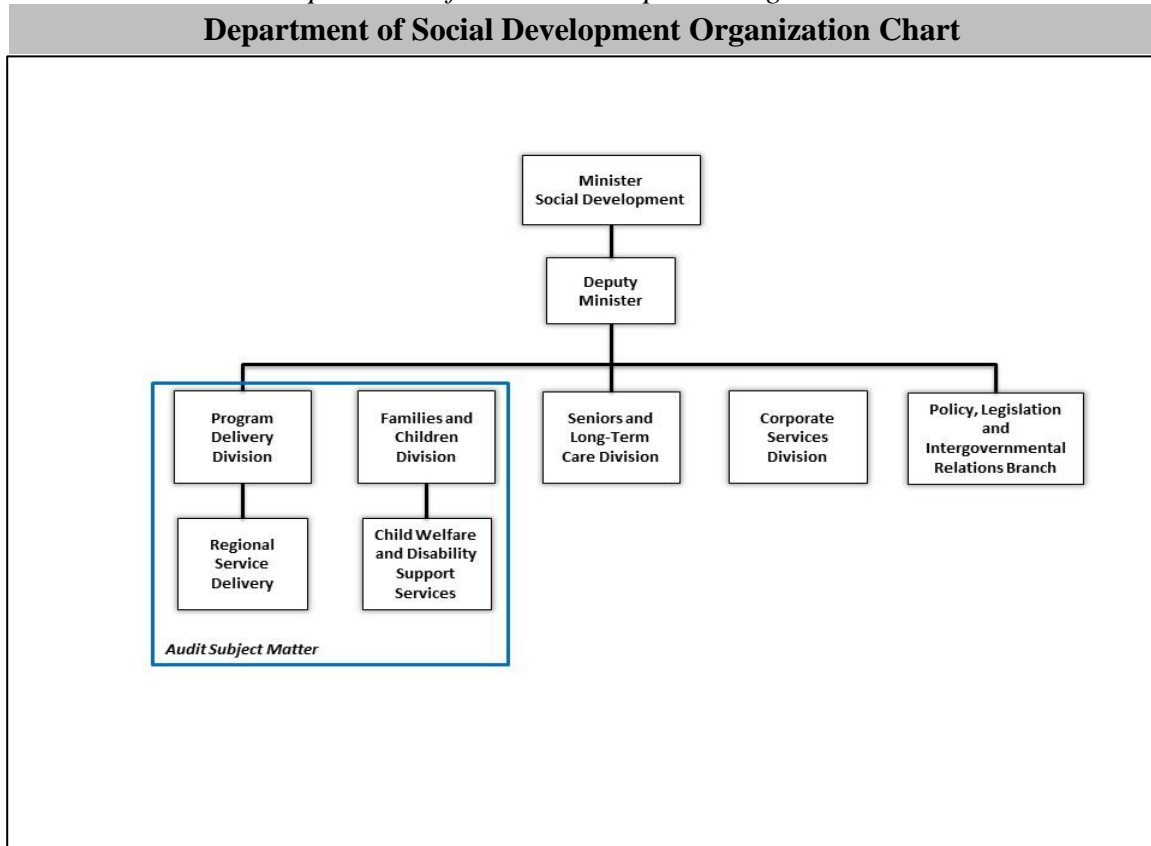
Social Development Expenditures by Program (\$ millions)					
Programs	Fiscal Year				
	2013-14	2014-15	2015-16	2016-17	2017-18
Corporate and Other Services	\$11.9	\$12.3	\$11.8	\$13.9	\$10.7
Child Welfare	121.2	124.4	127.7	130.2	130.7
Disability Support	N/A	N/A	N/A	159.7	165.8
Seniors and Long-term Care	582.1	604.1	614.7	491.1	501.0
Income Security	240.9	247.0	246.2	241.2	237.8
Housing	77.4	81.2	80.8	101.7	107.0
Other	31.8	39.1	38.7	41.0	40.3
Total	\$1,065.3	\$1,108.1	\$1,119.9	\$1,178.8	\$1,193.3

Source: New Brunswick Public Accounts (N/A – not applicable in this fiscal period)

3.16 Exhibit 3.1 demonstrates the growth in Child Welfare expenditures over the 5-year period. Child Welfare, including child protection, child in care and children’s residential services, totaled nearly \$131 million or 11% of the Department’s \$1.2 billion expenditures in 2017-18.

3.17 The Act is administered through various branches and programs. Exhibit 3.2 provides a broad overview of the Department’s structure.

Exhibit 3.2 - Department of Social Development Organization Chart



Source: Created by AGNB from Department of Social Development Information (unaudited)

3.18 Exhibit 3.2 identifies two divisions as well as two branches included within the scope of our audit work. According to the Department’s 2016-2017 Annual Report, the Program Delivery Division is “responsible for delivering programs and services to clients of the Department.” The Families and Children Division is “responsible for planning, designing and monitoring department programs related to child welfare...”

Service delivery is provided by 8 regional offices

3.19 Department management is located at the central office in Fredericton. Eight regional offices operating under the Program Delivery Division provide services to the Department’s clients. Children come into care through the Child Protection Program administered by regional personnel.

3.20 The Act defines a “*child in care*” as: “*any child within an age group prescribed by regulation who has been placed under protective care or any child who is in the care of the Minister of Families and Children under the terms of*”:

- a) a custody agreement;
- b) a guardianship agreement;
- c) a custody order;
- d) a guardianship order; or
- e) a supervisory order

3.21 When children are taken into care they are considered temporary or permanent wards of the Province.

- Temporary status includes custody agreements and orders transferring the temporary custody, care and control of a child to the Minister.
- Permanent status includes guardianship agreements and orders transferring permanently the guardianship of the child, including the custody, care and control of, and all parental rights and responsibilities with respect to the child.

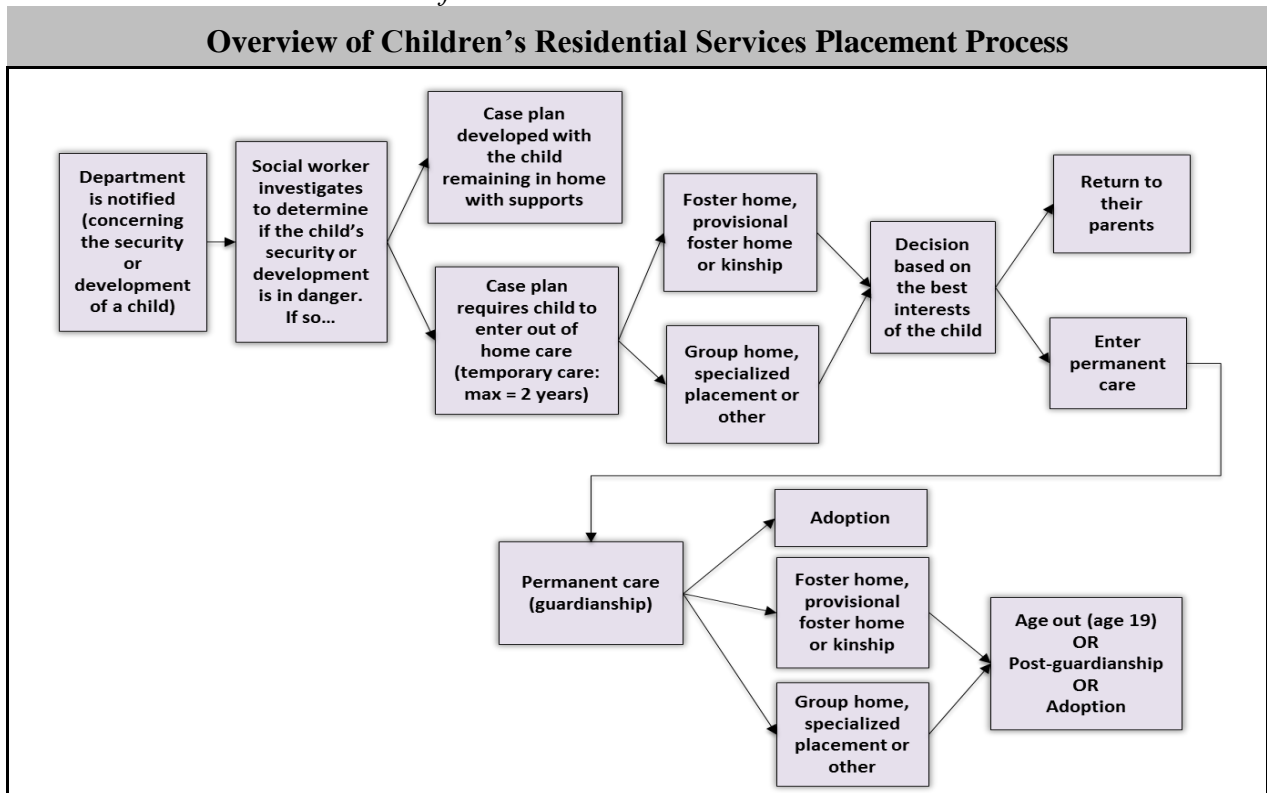
3.22 Children are taken into temporary care with the objective of a return to their family once the Department has provided supports and believes the family is capable of properly caring for the child.

3.23 When the Department determines the immediate family is not a viable option for proper care, the child may become a permanent ward of the Province and adoption is then the targeted outcome for the child.

3.24 Children’s residential services handles the placement of children while waiting for adoption, but children can remain under the care of the Minister if adoption efforts fail. Placement options for children include foster homes and youth residential facilities (group homes).

3.25 Exhibit 3.3 provides a general overview of the path a child follows when being placed through Children’s Residential Services in regions.

Exhibit 3.3 - Overview of Children's Residential Services Placement Process



Source: Chart created by the AGNB with information from Department of Social Development (unaudited)

3.26 Exhibit 3.3 was part of our 2013 report on foster homes. We have revised this version to include other applicable placement options. As noted in that report, the Department will attempt to place children in foster care before other residential options. However, when this is not possible the Department will turn to the group home network.

3.27 Group homes are residential facilities generally housing a maximum of 6 children from ages 0 to 18. These are supervised homes caring for children who are in temporary care or are moved from foster care due to behavioural challenges. Children who cannot be returned to the care of their families can become permanent wards of the Province living in group homes.

Exhibit 3.4 - Group home



Source: Centre for Youth Care

3.28 The New Brunswick Association of Youth Residential Services Inc. (NBAYRS) represents group home operators throughout the Province. Exhibit 3.5 summarizes key information provided by the NBAYRS and the Department on youth residential agencies in the Province.

Exhibit 3.5 - New Brunswick Youth residential facilities Information

New Brunswick Youth Residential Facilities Information	
Number of operators (agencies) ¹	15
Number of facilities ¹	35
Annual grants received from Department of Social Development (2018) ²	\$20 million
Number of employees ¹	512
Number of employees who resigned over two-year period (2015 – 2017) ¹	521
Annual training cost for new employees in all facilities ¹	\$608,000
Total client capacity (2018) ²	155
Average monthly number of clients per month in residence (2018) ²	133

Source: Created by AGNB

Notes:

1- information from the New Brunswick Association of Youth Residential Services Inc (unaudited).

2- Information provided by the Department of Social Development (unaudited)

3.29 Exhibit 3.5 highlights that in 2017-18 there were 15 agencies operating 35 facilities in the Province. Group homes make up most of the facilities operated by these agencies. The agencies are service providers approved by the Minister under the Act and contracted by the regional offices.

3.30 Exhibit 3.6 provides a map showing the location of Social Development regional offices in New Brunswick and capacity information for the group homes in each region.

Exhibit 3.6 - Social Development Regional Offices & Group Home Capacity



2018 Group Home Information: Annual grants, bed capacity and average # of children per month			
Region 1 – Moncton	(\$7.1 million grant)	Region 2 – Saint John	(\$4.9 million grant)
Facility beds: 39	Avg. # of children: 37	Facility beds: 39	Avg. # of children: 34
Region 3 - Fredericton	(\$1.8 million grant)	Region 4 – Edmundston	(\$0.6 million grant)
Facility beds: 22	Avg. # of children: 19	Facility beds: 6	Avg. # of children: 3
Region 5 – Restigouche	(\$1.3 million grant)	Region 6 – Chaleur	(\$0.6 million grant)
Facility beds: 12	Avg. # of children: 8	Facility beds: 7	Avg. # of children: 5
Region 7 – Miramichi	(\$0.6 million grant)	Region 8 – Acadian Peninsula	(\$2.8 million grant)
Facility beds: 6	Avg. # of children: 5	Facility beds: 24	Avg. # of children: 22

Source: Created by AGNB with Department of Social Development data (unaudited)

3.31 Exhibit 3.6 compares group home bed capacity in regions to the average number of children in care in those locations.

3.32 Group home agencies provide contracted services to children in care and receive annual grants from the Department through the regional offices. In most cases, these non-profit, board of director governed group homes are solely funded by the Department.

3.33 Exhibit 3.7 displays the grant payments made to the group homes over a 5-year period.

Exhibit 3.7 - Group Home Grant Payments by Region (\$ millions)

Group Home Grant Payments by Region (\$ millions)					
Region	Fiscal Year				
	2013-14	2014-15	2015-16	2016-17	2017-18
Region 1 - Moncton	\$4.0	\$3.5	\$3.5	\$3.5	\$7.1
Region 2 – Saint John	7.9	7.4	7.4	7.2	4.9
Region 3 - Fredericton	2.2	2.2	2.2	2.3	1.8
Region 4 - Edmundston	0.6	0.6	0.6	0.6	0.6
Region 5 - Restigouche	1.2	1.2	1.2	1.3	1.3
Region 6 - Chaleur	0.5	0.5	0.5	0.5	0.6
Region 7 - Miramichi	1.0	1.1	0.6	0.6	0.6
Region 8 – Acadian Peninsula	2.0	2.0	2.2	2.6	2.8
Total Grant Payments	\$19.4	\$18.5	\$18.2	\$18.6	\$19.7

Source: Created by AGNB with data and information provided by the Department of Social Development (unaudited)

3.34 Exhibit 3.7 indicates group homes were paid approximately \$20 million in 2017-18 grant payments. The Department also pays for services not covered by the annual grant. According to Department data, extra payments in 2017-18 would have totaled approximately \$3 million.

3.35 We believe Department personnel are committed to providing a high quality of care to children under Child Welfare programs. However, weaknesses in standards design and implementation combined with other challenges described in this report can seriously undermine this commitment.

Exhibit 3.8 - Residential facility



Source: Moncton Community Residences Inc.

Ineffective Department Standards

Social Development has standards governing the Child in Care program and Children’s Residential Services

3.36 To ensure requirements of the *Family Services Act* (Act) are followed and high-quality services are delivered to Social Development (Department) clients, the Department relies on program delivery service and practice standards.

3.37 We were pleased to find the Department has both practice and operator standards governing Children’s Residential Services (CRS). We also found the Department had revised the Child in Care Program Practice Standards from the prior 1999 version in September 2018. Regular updates to standards can help to ensure services provided to Department clients reflect current best practices in child welfare.

3.38 Our work included evaluating the adequacy and quality of Department standards for group homes and other non-foster care placement options. We wanted to ensure the Department had an effective framework to guide the quality of care provided to children in group homes and specialized placements.

3.39 We reviewed key Department standards, guidelines and protocols, including:

- 2010 Children’s Residential Services Practice Standards for Child Care Residential Centres (CRS Practice Standards);
- 2010 Child Care Residential Centre Service Standards for Operators (CRS Operator Standards);
- 1999 Child-in-Care Program Standards; and
- 2018 Child in Care Program Practice Standards.

3.40 CRS Practice Standards and CRS Operator Standards address the work of the CRS unit but do not extend to the child’s case worker under the Child in Care Program. The CRS standards are less encompassing than Child in Care program standards and are meant to guide the CRS unit in placing children and supervising the group homes.

3.41 Child in Care Program standards are broad, addressing how the Department will provide quality care for children. A Child in Care social worker (CIC social worker) is

responsible for ensuring case objectives are set for children in care and services are provided to meet their needs. Through Child in Care standards, the CIC social worker should promote consistent, high-quality service for children.

3.42 While the recent 2018 revised Child in Care Program Practice standards are relevant to our work, the files we tested included group home cases between April 1, 2017 and March 31, 2019. For that reason, many aspects of the files were evaluated against the earlier 1999 Child-in-Care Program standards. Our work considered the impact of the new standards to the degree possible considering they had only been in effect for 6-months.

1999 Child-in-Care Program Standards included children in temporary care

3.43 As noted in the background section of this report, children taken into care are considered temporary or permanent wards of the Province based on their legal status. Section 3.1 of the 1999 Child-in-Care Program Standards states

“The Child-in-Care Standards are the measurable and mandatory rules set out to direct service delivery and to support the children under the care of the Minister and in response to the Minister’s legal responsibility as set out in the Family Services Act.”

From this statement, it is clear the 1999 standards cover children with a temporary status and placed in group homes.

No standards for children in temporary care since 2018

3.44 However, part of our audit period was impacted by the recent 2018 version of the Child in Care Program Practice Standards. These standards govern the Department’s service delivery in caring for permanent wards of the Province and do not appear to apply to children taken into temporary care.

3.45 We found that some children start with a temporary status but then become permanent wards of the Province. We expected to find care standards to guide the work of Department social workers and govern the quality of care provided to all children in care, including those with a temporary status.

3.46 A lack of temporary care standards could lead to inconsistent care decisions across regions. A child in temporary care may not be viewed as eligible for the same

services provided to children in permanent care. This, even though these children may become permanent wards in the future.

3.47 Department personnel indicated they intend to complete and implement new care standards for temporary placements. In the meantime, we were told the applicable 2018 Child in Care Program Practice Standards were being used in providing care to children with temporary status.

No standards for specialized placements

3.48 Specialized placements are meant to meet specific needs of children taken into care when group homes cannot meet those needs. Typically, regions place children in these facilities' who present complex behavioural challenges. We found there are no measurable practice or operator standards for these placements.

Department has guidelines for specialized placements

3.49 When requested, the Department provided a document entitled "*Residential Guidelines for Specialized Placements*" dated June 2013. The guidelines define specialized placements as:

"...a category of placement that is developed by a region to address the specialized and complex needs of a specific child, after it is determined that regular placement resources (regional and provincial) cannot meet those needs."

3.50 The guidelines indicate specialized placement facilities do not fall under the 2010 CRS standards and states, "*However, in the interests of establishing consistency and "best practice" ... "guidelines" should be developed.*" The document then affirmed that, "*Guidelines are optional procedures that are desirable, but not mandatory.*"

Lack of standards can impact the quality of care

3.51 While having guidelines is good, the lack of standards can impact the quality of care provided to children. Without standards there are no mandatory requirements for the housing and care of children with complex needs. There is a risk that children are "*warehoused*" instead of addressing their needs.

3.52 According to a Government of New Brunswick Action Plan/Project Charter we reviewed, the Fredericton region typically has 8 to 10 children in specialized placements at any given time and has moved forward with the project to develop a "standardized internal process" for the region to "find best practices" and control cost. We believe the

Department should consider expanding this project across regions to ensure consistency of practice.

Recommendation

3.53 We recommend the Department of Social Development:

- **develop and implement Child in Care practice standards to specifically address children taken into temporary care; and**
- **develop and implement standards for specialized placements.**

Standards have weak key performance indicators

3.54 We found the 2010 CRS Standards, developed by the Department lack clearly identified, specific, measurable, time-bound performance indicators against which to measure performance of CRS personnel in delivering residential services and monitoring Operator performance. This despite the Department highlighting performance monitoring and measurement as a purpose for standards to exist.

3.55 Both 2010 CRS standards (practice and operator) state that standards are “*mandatory and establish a minimum level of performance*”. The documents identify why standards exist, including to:

- implement the provisions of the *Family Services Act* and Regulations by providing operational direction;
- describe an expected level of performance for the delivery of child welfare services;
- assist regions in monitoring the performance of staff and service providers; and
- assist the department in monitoring its performance by facilitating measurements.

3.56 We expected each standard to have a clearly identified performance indicator with a strong metric against which minimum performance could be measured. Standards did not identify either clearly.

3.57 For example, *CRS Practice standard 15 – Responding to Inquires*, simply states “*the CRS Social Worker must respond to inquiries made concerning a child care residential centre*” ... “*in a timely manner*”. There is no definition of what type of inquiry this would be, what

indicator would best measure the response or even a specific response time expected of the social worker. The social worker has no guidance in what is expected, other than to respond.

3.58 We understand social workers need to exercise professional judgment when situations do not fit standard requirements perfectly. However, measurable standards should be in place wherever possible to govern the care provided to all children in care of the Province. Without solid key performance indicators, the Department cannot accurately measure and improve performance in delivering quality services and reaching positive outcomes for these children.

Recommendation

3.59 We recommend the Department of Social Development:

- **include in their standards, specific key performance indicators for each standard;**
- **set a minimum level of performance in line with the performance indicator(s) specified; and**
- **update monitoring procedures to include guidance in measuring the performance indicator(s) for each standard.**

Standards and other guidance not fully integrated

3.60 Our review of Department documentation revealed a lack of integration between the Act, various standards, guidelines, protocols and decision-making tools. We expected the standards and other documentation to provide cross references to assist regional staff, especially new social workers, in navigating the available guidance.

2010 standards are outdated

3.61 Both the 2010 Children’s Residential Services Practice Standards for Child Care Residential Centres and the 2010 Child Care Residential Centre Service Standards for Operators require revision. There are no references to newer protocols, processes and standards in these documents.

Standards not cross-referenced with related program standards and guidance documentation

3.62 While the recent 2018 Child in Care Program Practice Standards are a significant improvement, we noted other relevant standards and guidance documents were not referenced and/or integrated in the standard, including:

- 2010 Children’s Residential Services Practice Standards for Child Care Residential Centres;
- 2013 Residential Guidelines for Specialized Placements; and
- 2012 revised Decision-making Model.

3.63 Department personnel indicated they were not always using the most recent Child in Care standards or specialized placement guidelines. While the Department stated it clearly communicates and trains the regions when standards are revised, it appears social workers do not always change to the new standards in a timely manner. When this occurs, they rely on past practices to do their work.

3.64 We believe integrating guidance, tools and relevant policy into standards documentation allows social workers ready access to all applicable guidance they require in performing their work. In addition, integration of standards should increase consistency in application of standards and limit confusion regarding which standards apply.

3.65 The lack of integration between standards and related policies and guidelines can create confusion, especially for new social workers, hindering the Department’s ability to provide consistent quality of care.

Recommendation

3.66 We recommend the Department of Social Development integrate key procedures, guidelines, policies and standards into their current and future standards.

Recommendation

3.67 We recommend the Department of Social Development revise the:

- **Children’s Residential Services Practice Standards for Child in Care Residential Centres; and**
- **Children’s Residential Centre Service Standards for Operators to increase integration with policies, guidelines, procedures and other mandatory standards.**

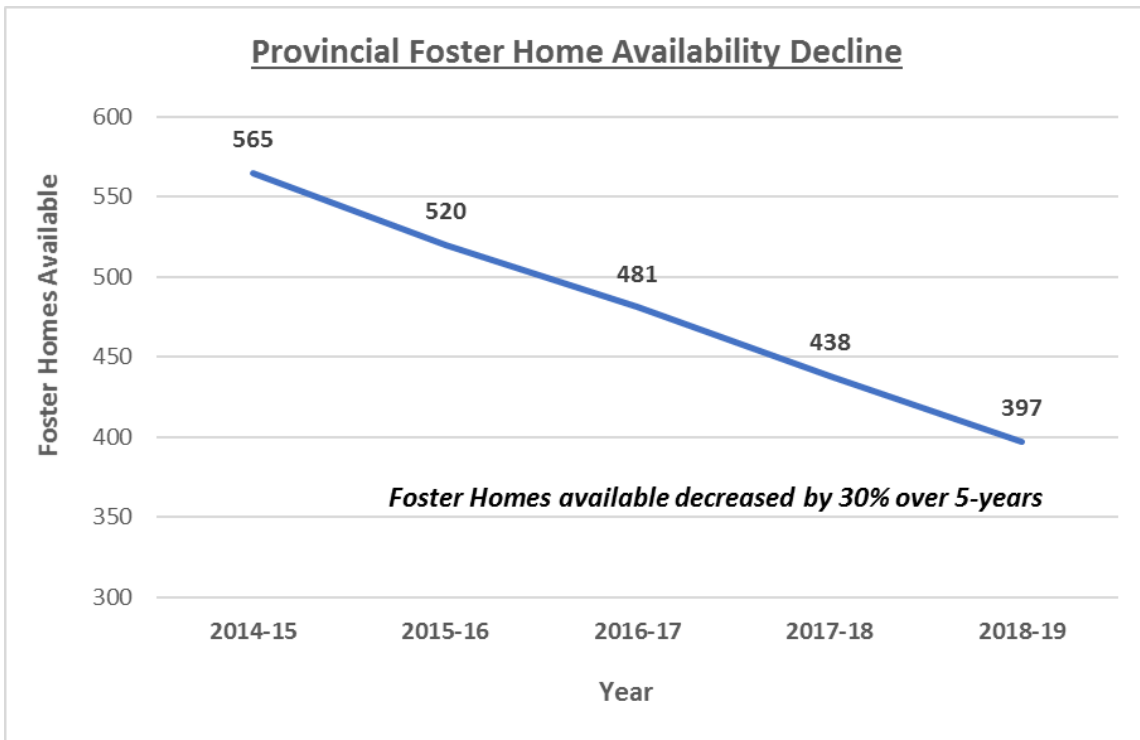
Poor Planning for Child in Care Placements

Lack of child in care placement options

3.68 Our interviews with Department personnel across New Brunswick highlighted a common problem with limited placement options for children coming into the care of the Province. Placement capacity challenges can be related to the actual number of beds available (physical capacity) and/or the ability of group home operators and other facilities to meet a child’s needs (service capacity).

3.69 Our 2013 audit on foster care found a significant decline in foster home availability. Exhibit 3.9 suggests the situation may be worsening, putting increasing pressure on regional offices to find alternate placement options.

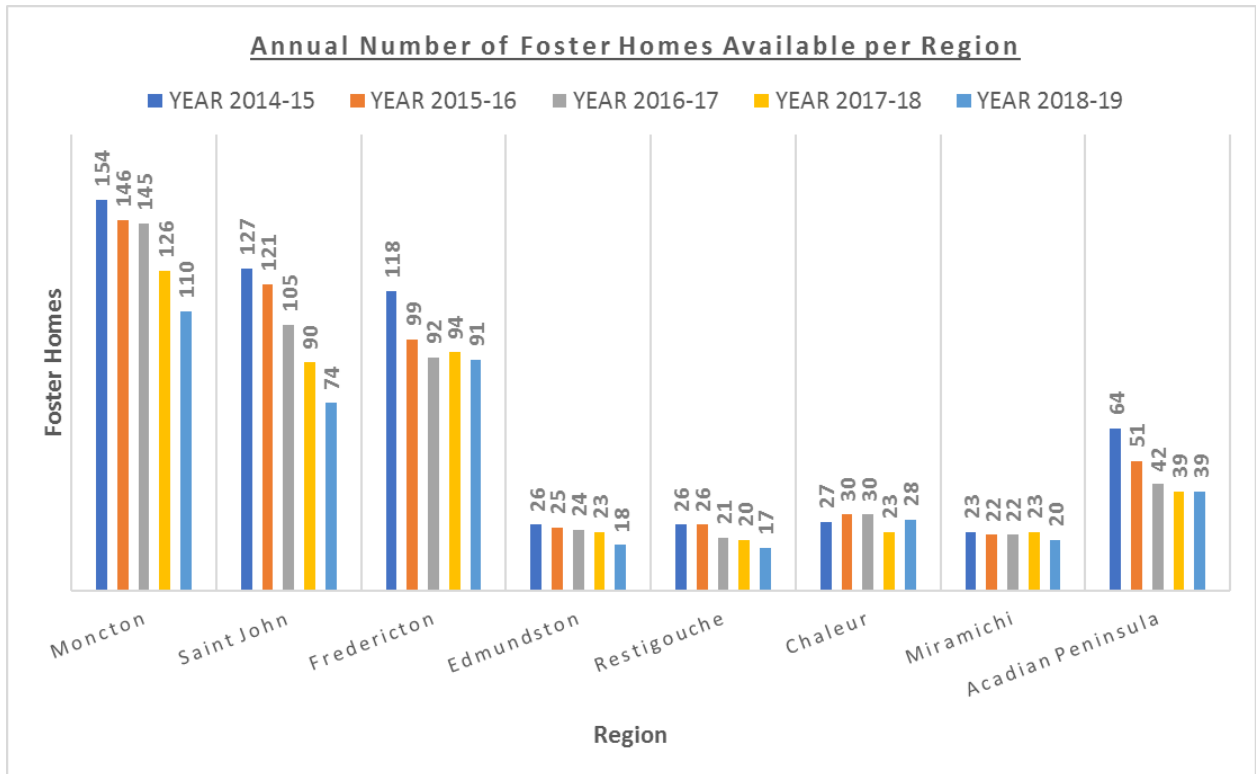
Exhibit 3.9 - Provincial Foster Home Availability Decline



Source: Chart created by AGNB with Department of Social Development data (unaudited)

3.70 Exhibit 3.9 shows a steady decline in foster homes available since we reviewed foster homes in 2013. Exhibit 3.10 below provides a breakdown of foster home availability by region.

Exhibit 3.10 - Annual Number of Foster Homes Available per Region



Source: Chart created by AGNB with Department of Social Development data (unaudited)

3.71 Exhibit 3.10 shows the continued decline in foster home availability in regions. While the decline is less obvious in the smaller regions, Moncton and Saint John have continued to lose significant foster home resources.

3.72 Our review of case files included children who entered the system from very difficult circumstances, suffering from abuse, addictions within the family, domestic crisis and other forms of trauma. These children may begin in foster care and transition through the system to group homes and then specialized placements as regional staff attempt to provide services to address these complex issues.

Increasing use of group homes

3.73 Regional offices have told us the continued decline in foster homes, combined with increased behavioral challenges presented by children entering care, has placed additional pressure on regional staff to place children at group homes and other placement options. Exhibit 3.11 provides a comparison of the average clients per month housed in group homes and the capacity of the facilities available by region over a 5-year period.

Exhibit 3.11 - Regional Utilization of Group homes

Regional Utilization of Group Homes

Regional Offices	2013-14		2014-15		2015-16		2016-17		2017-18	
	Avg # of clients	Facility Capacity	Avg # of clients	Facility Capacity	Avg # of clients	Facility Capacity	Avg # of clients	Facility Capacity	Avg # of clients	Facility Capacity
Moncton	28	39	32	39	34	39	35	39	37	39
Saint John	40	38	41	38	42	38	40	38	34	39
Fredericton	12	23	19	20	15	22	14	22	19	22
Edmundston	5	6	6	6	4	6	3	6	3	6
Restigouche	11	12	8	12	10	12	8	12	8	12
Chaleur	4	6	6	6	6	7	7	8	5	7
Miramichi	4	6	4	6	6	6	6	6	5	6
Acadian Peninsula	18	24	18	24	18	22	21	25	22	24
Total	122	154	134	151	135	152	134	156	133	155

Source: Created by AGNB with Department of Social Development data (unaudited)

3.74 Exhibit 3.11 highlights the pressure faced by some regional offices in placing children in group homes over the five-year period. The shaded areas of the chart show that the average number of clients per month cycling through group homes could have exceeded the region's residential capacity as a result of short term placements.

3.75 It is important to note this chart could be impacted by multiple short-term placements of children in a single month. For instance, the Department indicated one child may be placed in a group home bed for less than two-weeks and a second child may go into that bed in the same month

when the first child leaves. The Department described this as cycling children through a group home for short periods.

3.76 In addition, increasing behavioural issues with children coming into care has resulted in group homes struggling to provide the services these children need. This has resulted in some group homes having excess bed capacity.

Exhibit 3.12 - Group home



Source: Fredericton Residential Youth Services Inc.

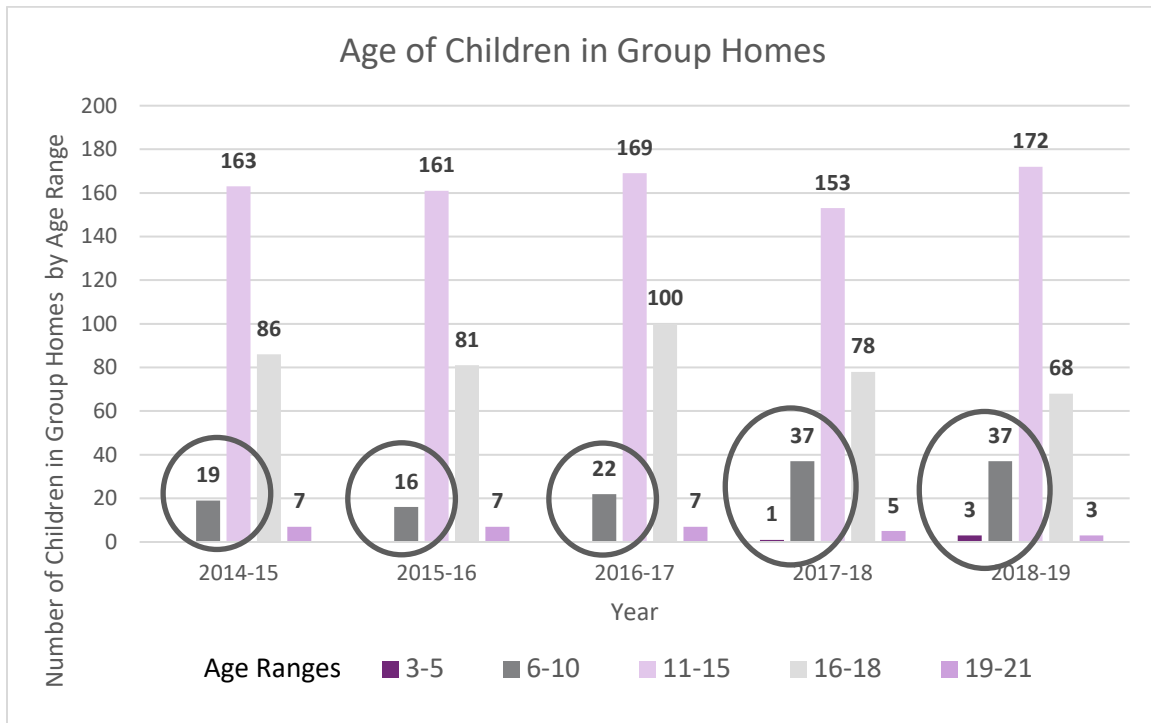
Group homes raise capacity concerns

3.77 As part of our work we met with representatives of the New Brunswick Association of Youth Residential Services Inc. (NBAYRS) and discussed their concerns with the residential placement system. They described symptoms of a system strained for resources, including:

- being asked for exceptions to established practices to “accommodate system overload”; and
- reactive actions in response to increasing demand for services (such as repurposing a long-term bed to meet an emergency placement).

3.78 Lack of placement capacity also has an impact on where younger children are placed. Exhibit 3.13 provides a snapshot of children in care of the Province and placed at group homes based on age of the child. This includes children transitioning out of the system during the fiscal period.

Exhibit 3.13 - Age of Children in Group Homes



Source: Created by AGNB with Department of Social Development data (unaudited)

Younger children placed in group homes

3.79 Exhibit 3.13 shows the overall increase in the children under 10 years of age placed at group homes over the past five years. The recent increase in children under the age of five is even more troubling.

3.80 Department personnel, group home operators and other stakeholders all share the opinion that younger children (e.g. under age 12) are best served in placements other than group homes. However, resource capacity challenges facing the Department are creating difficult placement decisions and impacting the quality of services provided to children in care.

3.81 Exhibit 3.14 compares the cost of placing children in foster care versus group homes for the past five-years.

Exhibit 3.14 - Comparison of Foster Care and Group Home Costs

Comparison of Foster Care and Group Home Costs

	2013-14	2014-15	2015-16	2016-17	2017-18
Estimated average number of foster children	549	514	489	495	504
Annual cost for foster care	\$5,511,530	\$5,465,557	\$5,175,381	\$5,027,960	\$5,120,720
Estimated average annual cost per foster home child	\$10,039	\$10,633	\$10,584	\$10,157	\$10,160
Group Home Costs					
Annual group home cost	\$21,772,008	\$20,565,389	\$21,102,176	\$21,686,979	\$22,748,032
Estimated average annual number of children in group homes	122	134	135	134	133
Estimated average annual cost per group home child	\$178,459	\$153,473	\$156,312	\$161,843	\$171,038
Estimated increased annual cost per child of using group homes (per child)					
	\$168,420	\$142,840	\$145,728	\$151,686	\$160,878

Source: Created by AGNB with Department of Social Development data (unaudited).

Every 10 children placed in group homes instead of foster homes estimated to cost \$1.6 million more annually

3.82 Exhibit 3.14 estimates that placing children in group homes instead of foster homes results in significantly higher cost (at about ten times the cost of foster care). Group home placements are often used when children exhibit behaviors beyond the ability of foster homes to address. However, there are situations when a foster home could address a child's needs and likely result in better outcomes but is not available. In these situations, we estimated for every 10 children placed in a foster home instead of a group home, Department costs could decrease by an estimated \$1.6 million annually.

3.83 Again, it is important to note numbers of children used in Exhibit 3.11 and 3.14 are estimates using average numbers of clients over a month and does not reflect peaks or short notice placements due to urgent situations. We have been told by regions that urgent (emergency) placements and increasing case complexity create significant placement availability and cost challenges.

3.84 When a regional office is faced with urgent and complex placement requirements, and cannot identify an existing resource, it may turn to a specialized placement.

These are typically facilities housing one or two children with specific behavioural challenges that existing group homes cannot or will not address.

Increasing case complexity is expanding the use of specialized placements

3.85 For example, group homes in the Fredericton region appeared underutilized from 2015 to 2017, as shown in Exhibit 3.11. Regional office personnel told us the existing Operator was unable to effectively service the increasingly complex needs of certain children. For this reason, the regional office developed specialized placements to accommodate the children's needs.

3.86 The Department emphasized there is increased behavioural complexity of children coming into care such as aggression, self-harm and suicidal tendencies. The lack of placement resources to meet those needs is driving regional challenges. The increased use of specialized placements to address behavioural challenges and a lack of service capacity in the existing group homes has resulted in increased cost to the regions.

Average annual cost per specialized placement in one region was \$421,000

3.87 In the situation described above, the regional office has turned to specialized placements at an overall cost per placement from \$27,000 to \$62,000 per month. The average annual cost per specialized placement in 2018 was \$421,000, almost three times the cost of group home placements from Exhibit 3.14.

3.88 Specialized placements may require a higher than normal staff to child ratio, specific training for staff to address complex behaviours or housing requirements not normal to group homes. These types of factors can significantly impact the cost of care.

Regional emergency placement options are strained

3.89 Regional offices we spoke with also emphasized the need for more emergency beds for children taken into care with limited preparation time. While some regions may have dedicated beds setup for urgent situations, these have been used for regular placements when existing capacity at group homes is limited.

3.90 Grants are paid under the contracts regardless of occupancy. This can create a situation where funding is provided to a group home Operator who has vacant beds. At the same time, specialized placements are developed to meet emergency situations and complex demands at a higher cost. Working with the group home Operator to

develop the required service capacity could result in less overall cost to regions.

Service level agreements do not exist for all specialized placements

3.91 While we found that standardized agreements exist for group homes, this was not the case for all specialized placements.

Department used 15 specialized placements between 2017 and 2019

3.92 According to the Department, each regional office is responsible for planning and contracting specialized placements. We found there were 15 specialized placements used by the Department during our audit period (2017-2019).

9 of 15 specialized placement facilities were operating without a service level agreement

3.93 We expected all specialized placement facilities and services managed by the Department to have a signed agreement with the service provider. This is necessary to ensure accountability and govern the quality of service provided to children in care. Of the 15 specialized placements in 2017-2019, we found 9 had no such agreement.

3.94 Considering the impact on children in specialized placements and the high cost, we believe there needs to be a strong accountability and performance measurement system governing the use of resources. Given the unique needs of these children, this should include a service level agreement for each specialized placement.

Recommendation

3.95 We recommend the Department of Social Development develop and implement standardized service level agreements across all regions for all specialized placement facilities.

Children placed out of their communities impacts their personal stability

3.96 The lack of available and appropriate placement options in the Department has resulted in children being placed outside of their own communities. Community ties are important to children and placing them in a different community can impact the stability of ongoing relationships with family, teachers, medical practitioners and friends.

3.97 The Moncton region sends children to Saint John due to a lack of placement options. In addition, the Fredericton region is geographically large with all group homes currently located within the capital city. Therefore, children from Woodstock or as far as Perth may be placed in Fredericton. The Fredericton regional office informed us it

is in the process of establishing a group home in the Woodstock/Perth area.

No specific strategy to address capacity and service delivery issues

3.98 We found that while the Department is taking some action by increasing the wages paid to group home personnel, it had not defined and documented a clear strategy to specifically address the regional capacity and service delivery issues.

3.99 The Department has a key role in provincial strategies such as the 2015, five-year plan entitled “*Keeping Children and Youth Safe from Harm in New Brunswick.*” One of the strategies of this plan identifies Social Development as the lead department to “*Build community capacity to meet children’s and youth’s needs...*”.

3.100 We asked the Department what its strategy was to address group home capacity challenges and it could provide nothing of that nature.

Recommendation

3.101 We recommend the Department of Social Development 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.

3.102 The 2010 Children’s Residential Services Practice Standards require:

- regions to conduct a yearly assessment to evaluate the group homes in the region, review placement trends over the past few years to determine placement needs and challenges; and
- develop and approve a regional resource plan.

No standardized forecasting for future resource requirements

3.103 We found regional offices did not have consistent, standardized process and procedures to forecast future requirements for either placement capacity or service needs.

No Department or regional resource plans

3.104 Further, when we requested regional resource plans from all eight regional offices:

- two regions provided descriptions of processes with some elements of planning included;
- another region provided a work plan; and

- one region provided documents with very limited actions and what appeared to be a local “*request for proposal*” for a new resource.

3.105 While there are regional offices that forecast and plan to varying degrees, this is limited by a lack of consistent direction and procedural guidance from central office.

Limited group home information tracked and used in planning

3.106 We found regional offices do not regularly request, track and use facility data or statistics to forecast needs and plan for future resources. For example, they do not track group home admission refusals, which could be used to inform the Department on service gaps in group homes. We believe regional offices have knowledge of the situations in the various facilities but do not actively use data to make informed decisions for planning purposes.

3.107 By not forecasting and planning effectively, the Department is reactive in its approach to placing children in care. This can result in lower quality of care for these children combined with higher costs for the Department.

Recommendation

3.108 We recommend the Department of Social Development

- **forecast regional and provincial demand for placement services; and**
- **standardize resource planning procedures to be used by regions and implemented provincially.**

Exhibit 3.15 - Child's bedroom and common area



Source: Centre for Youth Care

Weaknesses in Quality of Care

Weaknesses impacting children’s quality of care

3.109 In our discussions with Department personnel at the regions we heard terms such as “warehousing”, “crisis” and “reactive” when describing the placement of children. Please see Appendix I for comments from our discussions with key stakeholders.

3.110 We reviewed a sample of case files across four regions that included children in group homes and specialized placements. Our review of these cases examined the regions compliance with the Department’s standards and identified weaknesses that may impact the quality of care provided to children under the care of the Minister.

3.111 Regional social workers develop case plans meant to set objectives for the care of the child and establish services to ensure those objectives are met. Group homes use residential care plans to outline the goals and objectives guiding their work in servicing the needs of the child.

Children’s case plans are inconsistent

3.112 We found inconsistency across regions in case planning practices. We noted case plan content varies within and across regions, and case plans are not always reviewed as required or shared with group homes.

Limited evidence of outcomes in case plans

3.113 While case plans have objectives for targeting services to be provided, we found they are often vague with only limited evidence of social workers setting longer-term outcomes for the child. By setting achievable, measurable outcomes, the Department can more effectively establish a clear path for the child’s care.

3.114 In our view, the case plan developed by the Department should be the guide against which the group homes create the care plan to meet a child’s needs. This would ensure the direction of the Department is implemented at Operator facilities.

- Recommendation**
- 3.115** We recommend the Department of Social Development design and implement case planning procedures for regional personnel, including:
- **standardized content requirements supporting achievable outcomes for children taken into care; and**
 - **regular case plan review and revision requirements to conform with standards.**
- Care plans do not meet standards**
- 3.116** We reviewed care plans provided by the group homes or the Department and noted:
- care plans are sometimes developed by the residential facility with little evidence of joint development with the Department as required by standards; and
 - content of the care plan is inconsistent.
- Limited joint development of care plans**
- 3.117** The CRS Operator Standards require a care plan to be jointly developed by the Operator and the child’s social worker to ensure group homes provide services in support of the Department’s case plan and the child’s needs. We found practices across regions vary and care plans are sometimes developed solely by group homes with limited evidence of Department social worker involvement.
- 3.118** As the child’s custodian, it is important for the Department to set desired outcomes for children and ensure group homes design a care program to meet those outcome targets. Joint development and regular review of the care plan is needed to assess whether group homes are meeting care plan requirements.
- Care plan content is inconsistent**
- 3.119** We also found that specific goals with clearly identified timelines for completion were not always part of care plans, although required under the standards. In some instances, when goals were included, they were little more than action statements such as “*relief care – will look at family options first*”. We believe setting quality goals linked to desired outcomes for children will enhance the child’s care.
- 3.120** Children in group homes often begin as temporary placements. However, these children may become permanent wards of the Province if plans to reunite the family fail. Limited goals, few measures and no targeted developmental outcome decreases the probability that these

children will succeed after they leave the care of the Province.

Recommendation

3.121 We recommend the Department of Social Development:

- **comply with standards and jointly develop care plans with group home and specialized placement Operators;**
- **standardize requirements and documented procedures for care plans to include objectives and actions that align with Department case plans; and**
- **set specific requirements for regular review of care plan changes by Department social workers.**

Social worker caseload turnover is high

3.122 Our review of case files identified instances when the child's social worker changed. In one case, there had been three different Child in Care social workers assigned to a child in a group home between March 2018 and May 2019. In a second case file, the Child in Care social worker assigned changed three times over two years. This can be due to internal demand, caseload changes, case complexity and employee turnover.

Operator personnel turnover is extreme

3.123 Both the Department and group home Operators told us group homes were struggling with excessive turnover of child care personnel. As noted in Exhibit 3.5, information provided by the NBAYRS appears to indicate 521 personnel resigned from group homes over a two-year period. If the total number of employees is only 512, as stated by the NBAYRS, this is extreme.

3.124 The NBAYRS claims this is due to a lack of Department funding to increase wages to a competitive level with other similar positions in the education system and day cares. The Department agreed this is a challenge within the system.

3.125 We noted the Province had increased wages during the period of our audit for a variety of care workers, including those who work in group homes. The Department indicated these increases are an attempt to address the acknowledged challenges facing group home operators in recruiting and retaining qualified personnel.

- 3.126** Stable relationships with care workers, both at the Department and the group home, are critical to children taken into care. The 2018 Child in Care standards reinforce the importance of stable relationships, stating it is “*central to maintaining the child’s well-being*”.
- Required training for Operator personnel and Department social workers not timely**
- 3.127** Our discussions with regional office personnel identified instances when required (core) training was not provided to social workers before they were assigned cases. This means social workers are not always trained to deal with the requirements of their case load before they undertake a child’s case.
- 3.128** Our discussions with Operators and our review of Operator submissions during the annual monitoring process raise this same issue for their group home staff. Operator personnel are sometimes dealing with cases before they have received adequate training.
- Cultural awareness training could be improved**
- 3.129** In addition, we noted there is a gap in training on how to address cultural requirements under the Act. In one case, a Department social worker appeared to ignore a child’s claim when they identified as First Nations. This could have a significant impact on the opportunities for children in care to explore their cultural identity.
- 3.130** Appropriate and adequate training is critical for both Department and Operator personnel to ensure they are skilled in addressing the many challenging situations they will encounter while caring for children who are wards of the Province.
- Recommendation**
- 3.131 We recommend the Department of Social Development:**
- **ensure training is completed in regional offices, group homes and specialized placement facilities before caseloads are assigned to personnel; and**
 - **provide cultural awareness training across regional offices, group homes and specialized placement facilities.**

Department does not adequately prepare children and youth to transition out of care

3.132 We found children placed at group homes are not consistently prepared to transition out of the residential care system successfully. This critical preparation may be left until just before a youth is eligible to leave, if completed at all.

No clear direction or strong standard guiding preparation for adulthood

3.133 Since children in temporary care can leave a residence at 16 years of age, we expected Operators to begin preparing children for independent living and adulthood well in advance of their 16th birthday. We found no clear direction on how and when this planning and preparation would be completed. In addition, we found that no applicable standard in our audit period required the Department to monitor and report on outcomes achieved for children who had left care.

3.134 The 1999 Child-in-Care Program Standards state that when the child is transitioning to independent living “*the social worker must make him/her aware of the other services offered by the Department and/or other related agencies.*” The 2010 CRS Operator Service standard 83 simply states “*the Operator must ensure that any child over age 16 has the opportunity in accordance with his/her ability, to develop skills for independent living.*”

No evidence of consistent planning for independent living and adulthood or monitoring of outcomes

3.135 Further, our file review provided no evidence of a consistent practice in preparing a child for independent living and adulthood across Operators. Children are likely leaving these facilities unprepared for independent living. In addition, the Department does not have a clear process to monitor children leaving group homes. For this reason, it does not know the impact of these poor planning processes.

3.136 In our discussions with stakeholders, this was raised as a significant problem for children leaving group homes. Homeless children leaving care may require continued Department support long after they exit the care of the Province. We believe better standards, effective planning and monitoring of children leaving the system will increase chances of successful outcomes.

3.137 We did note one region developed their own independent living program to prepare children for transitioning out of care. This program is not consistently used across the Department and had not been integrated into the other regions at the time of our audit.

Recommendation**3.138 We recommend the Department of Social Development:**

- **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; and**
- **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.**

NB Families information system functionality limits effectiveness and efficiency

3.139 Our testing involved reviewing both paper and electronic child in care files. NB Families is the Department's case management information system. We found the functionality of the NB Families system for case planning and recording critical information has significant functional limitations. These limitations decrease both the effectiveness and efficiency of Department personnel in planning and monitoring child care services.

3.140 For instance, many significant details of a child's case history are logged as events by social workers in the NB Families information system. These event logs can be very long with limited controls to ensure how information is entered, what is to be included and how information is related.

3.141 In addition, the NB Families information system has limited reporting functionality that would aid the Department in forward planning and management decision-making. Statistical reporting is very limited and data integrity is questionable within the system.

Department data integrity and availability issues

3.142 We requested considerable case data and statistical information from both regional personnel and Department data analysts. Some data we requested could not be provided, took weeks to receive or disagreed with regional information pulled manually from files.

3.143 We discussed this with Department personnel and they agreed the NB Families information system has functional weaknesses and limits their ability to use data to inform decisions and improve planning.

3.144 We believe it is important to have access to reliable data that can inform important public sector policy decisions made. Planning effectiveness and efficiency can be greatly improved with timely access to accurate and relevant data. Accurate and relevant information will aid the Department in addressing the challenges they face in providing quality care to children.

Recommendation

3.145 We recommend the Department of Social Development evaluate options to improve or replace the NB Families Information system with the aim of increasing efficiency and effectiveness in case management practices.

Recommendation

3.146 We recommend the Department of Social Development 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.

Exhibit 3.16 - Residential Facility - Children's playground



Source: Moncton Community Residences Inc.

Poor Monitoring and Reporting

Standards require annual monitoring of group homes

3.147 The CRS Practice standards state the “*CRS social worker must evaluate each child care residential centre on an annual basis.*” This annual evaluation is completed in three parts:

1. Section A entitled “*Administration*” is sent to the Chair of the agencies board of directors to be completed one month before the annual review is required.
2. Section B entitled “*Environment of Care*” is an assessment completed by the CRS social worker.
3. Section C entitled “*Residential Care*” is sent to each operator to be completed by the manager of the group home one month before the annual review is required.

Annual monitoring not always completed as required

3.148 Our review of files found that one region did not complete the annual assessment for any of the group homes in the region for one of the review years. We were informed this was due to a change in personnel with very limited training provided to the new CRS social worker.

3.149 We also found instances across regions when evaluation forms were not always signed and/or dated by the CRS social worker. Signing and dating forms provides assurance that this monitoring function was completed per the standards to ensure quality care is provided by Operators.

Forms completed by Operator personnel

3.150 We noted the annual assessment process relies heavily on the contracted Operator and their residential managers completing sections A and C. The CRS social worker is then required to review these sections with the Operator’s residential managers.

Operators raised concerns and issues in the annual review documents

3.151 We found issues identified in the Operator completed sections that we do not believe were adequately addressed and documented by CRS personnel. These issues included:

- concerns raised with the standards in areas such as admissions, discharge planning and complaint processes;
- difficulty obtaining required information from the regions; and

- concerns with the length of time taken to obtain a criminal record check required for employees of group homes before they can begin working with children.

Insufficient evidence that regions are acting on Operator feedback

3.152 While our examination of the Operator completed sections identified areas where the Operator was not meeting the requirement or had flagged issues of concern for two years, we found insufficient documented evidence of regional responses or actions to address these issues.

3.153 For annual monitoring to be an effective performance evaluation tool, the Department needs to evaluate and address potential non-compliance with standards and other identified issues.

Recommendation

3.154 We recommend the Department of Social Development:

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

Health and safety reviews by social workers

3.155 Section B of the annual review requires a social worker to review the environment of care which includes, among many other elements:

- conformity to building codes;
- physical structure changes; and
- window opening compliance with the National Building Code.

Non-effective use of social work skills and expertise

3.156 While some areas of the review, such as ensuring that bedrooms have no more than two children or that children can personalize their area, are possibly within the realm of social work, we don't believe ensuring building code conformity is the best use of CRS social worker skills and expertise.

3.157 In our view, social workers should focus on conformity with practice and care standards and ensure quality care is provided to children.

Monitoring at specialized placements is not standardized

3.158 The annual assessments completed for group homes are meant to assess, evaluate and report on the performance of the group home operators. Regional personnel told us no such requirement exists for operators of specialized placement facilities. Instead, they may choose to use tools created to monitor foster homes or group homes for their specialized placements.

3.159 A lack of standardized monitoring practices and no detailed, documented process increases the risk of inconsistent monitoring and a lower quality of care for children. For this reason, we believe the Department should create a standard monitoring procedure for specialized placements and ensure it is used consistently across regions.

Recommendation

3.160 We recommend the Department of Social Development design and implement documented procedures for monitoring and evaluating the performance of specialized placement facilities.

Department does not publicly report on performance

3.161 We raised the lack of public reporting on the effectiveness of the Department's Children's Residential Services program in our 2013 report on Foster Care. Our current review of the Department's website and annual reports found no significant change since our 2013 work was completed.

3.162 The Department does not publicly report on the performance of the children's residential placement system. The last reporting of child in care statistical information on its website was 2010.

3.163 We continue to believe public performance reporting is an important component of public sector program management. Continued weakness in public reporting erodes transparency and public confidence that Department programs are being managed in an effective and efficient manner.

Recommendation

3.164 We recommend the Department of Social Development publicly provide current statistical information on child welfare programs and publicly report on program performance.

Appendix I – Discussions with Key Stakeholders

During the course of the audit we interviewed various key stakeholders and they shared the following concerns:

...the old delivery model and infrastructure does not meet the needs of the clientele today...

Group home association

...There is a significant lack of foster homes. Children in group homes are raised by students with no parental experience and inadequate training...

Community stakeholder

...due to the lack of placement options, the region frequently asks the hospital to keep a child that has completed treatment until they can find an appropriate placement. The region has one child at the hospital waiting for a placement for over a month...

Department

...their group homes were short staffed to the point that nine of the social workers from the region worked shifts in the group home...while the region had 13 social worker vacancies...

Department

...younger children are being placed in group home settings and often interspersed with older youth. This is not ideal...

Group home association

...The region requires experts that can review agency service proposals and identify the services required for complex needs clients. The region ends up paying for services that may not be necessary because they may not have the expertise to evaluate the child's needs...

Department

...over Christmas there were no staff to cover the only client in care. The executive director covered this situation alone over that period...

Group home association

...I do not believe the children are taught skills needed for eventual independence. They typically leave the Department unprepared...

Community stakeholder

...One group home almost closed due to lack of staff and the group home director worked shifts to fill in...

Department

Appendix II – Audit Objectives and Criteria

The objective and criteria for our audit of the Department of Social Development Children’s Residential Services – Group Homes and Specialized Placements are presented below. The Department of Social Development senior management reviewed and agreed with the objective and associated criteria.

Objective 1	To determine if the Department of Social Development effectively manages placement and care of children under the <i>Family Services Act</i> .
Criterion 1	The Department should regularly review the Children’s Residential Services delivery model across regions.
Criterion 2	The Department should track, document and maintain capacity and usage data on child in care residential placements, including: <ul style="list-style-type: none"> residential centre and specialized placement centre attributes such as number of beds, services (level of care) available, staff complement, staff education, skillset, cost, etc.
Criterion 3	The Department should have and follow adequate policies and/or standards for governing the care of children in residential placements.
Criterion 4	The Department should comply with program and practice standards for monitoring the ongoing care of children in residential placements.
Criterion 5	The Department should monitor the practices of child care residential centres for compliance with service contract requirements and operator standards.

Source of Criteria - Developed by AGNB based on:

- Department of Social Development standards:
 - 2010 Children’s Residential Services Practice Standards for Child Care Residential Centres
 - 2010 Child Care Residential Service Standards for Operators
 - 1999 Child-in-Care Program Standards
 - 2018 Child in Care Program Practice Standards
- Reports on child welfare by other jurisdictions’ Auditors General

Appendix III – About the Audit

This independent assurance report was prepared by the Office of the Auditor General of New Brunswick on the Department of Social Development on Group Home and Specialized Placements. Our responsibility was to provide objective information, advice, and assurance to assist the Legislative Assembly in its scrutiny of the Department of Social Development on Group Home and Specialized Placements.

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 Canadian Standard on Quality Control 1 and, accordingly, maintains a comprehensive system of quality control, including documented policies and 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 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; and
- confirmation that the findings in this report are factually based.

Period covered by the audit:

The audit covered the period between April 1, 2017 and March 31, 2019. 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 that preceded the starting date of the audit.

Date of the report:

We obtained sufficient and appropriate audit evidence on which to base our conclusion on November 25, 2019 in Fredericton, New Brunswick.

Chapter 4

Follow-up Work and Financial Assistance Case Studies (Blueberries and Naval Centre)

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Follow-up Work and Financial Assistance Case Studies (Blueberries and Naval Centre)

Report of the Auditor General – Volume II, Chapter 4 - December 2019

Why Is This Important?

- When recommendations are not implemented, risks remain and may worsen over time.
- This chapter is a tool for the Public Accounts Committee, the Crown Corporations Committee and the public to hold government departments and Crown agencies accountable.
- This year our office reviewed two large financial assistance files as case studies, given that the high dollar value of provincial financial assistance continues to represent significant exposure to the Province.
- Our Atcon recommendations apply to all provincial entities providing financial assistance to industry.

Overall Conclusions

- Entities self-report they have implemented 85% of our recommendations from performance audits in 2015, 2016 and 2017.
- Regarding the financial assistance to industry case studies, we found:
 - some positive outcomes on particular financial assistance files;
 - Province continued to enter into significant financial assistance arrangements through multiple provincial entities;
 - instances where the essence of some Atcon recommendation was not implemented;
 - continued need for central delivery and monitoring of financial assistance to industry to ensure consistency of due diligence and risk management practices;
 - public remains uninformed with regard to the total amount of funds extended as financial assistance and the outcomes achieved.

What We Found

Financial assistance to The Acadian Wild Blueberry Company Limited

- \$69 million of approved provincial financial assistance
- Outstanding loan balance represents significant exposure
- Assets supporting personal guarantee not independently verified
- Essence of some Atcon recommendations not implemented

Financial assistance in connection with New Brunswick Naval Centre

- Major uncertainty regarding the value to taxpayers from a \$23 million provincial investment
- Unusually structured financing where the Province bears all the risk
- No risk assessment performed
- Essence of some Atcon recommendations not implemented

Self-reported implementation of recommendations:

- 20 entities self-reported an implementation rate of 75% - 100%
- 10 entities self-reported an implementation rate of 50% - 74%
- 2 entities self-reported an implementation rate of 0% - 49%
- It is very unfortunate that 50 recommendations from past four years are still not implemented

Summary

This year we followed-up on 2015, 2016 and 2017 chapters and selected others

Unique approach for Atcon report follow-up

Essence of some Atcon risk mitigation recommendations appears not implemented

Two financial assistance cases identified which represent significant exposure

4.1 This follow-up chapter promotes accountability by giving the Legislative Assembly, and the public, information about how government has acted on our performance audit recommendations. We think it is important that both MLAs and taxpayers have information to assess the progress government is making in implementing these recommendations.

4.2 One of our strategic goals is that departments, commissions and agencies accept and implement all our performance audit recommendations. In this chapter, we report on the updates provided to us by departments, commissions and Crown agencies on the status of performance audit recommendations made in our 2015, 2016 and 2017 reports. We also included an update on recommendations made in our 2011 chapter on Constituency Office Costs for Members of the Legislative Assembly and Executive Council Office. For additional information on the scope and objective of our follow-up work, refer to Appendix I.

4.3 At the Auditor General's discretion, there may be exceptions to our follow-up procedures. Such was the case for our special examination of Financial Assistance to Atcon Holdings Inc. and Industry released in 2015. Since our recommendations have been issued, our office has performed work every year to determine if these recommendations were implemented.

4.4 In our 2018 follow-up report, we reported that 12 of our 19 Atcon report recommendations have been implemented. However, our audit work on the financial statements of the Province revealed instances where we believe the essence of our recommendations to manage risk has not been implemented. For example, Opportunities New Brunswick (ONB) has created policies to reflect our recommendations but, as demonstrated in this chapter, not always followed these policies or the essence of our recommendations seems to not have been implemented.

4.5 Although we found evidence of recent progress to mitigate risk, we identified two cases where decisions made shortly after our 2015 Atcon report was released still represent significant exposure for New Brunswick taxpayers.

Modified follow-up process for 2019

4.6 For these reasons, the Auditor General decided to defer in-depth follow-up work on 2015 performance audit reports and focus instead on studying two significant financial assistance cases. In addition, this report includes self-reported information by audited entities for 2015, 2016 and 2017 performance audit recommendations. We will conduct our typical follow-up work on both 2015 and 2016 reports in the upcoming year and publish the results in our 2020 report.

Note to Public Accounts and Crown Corporations Committees

4.7 We encourage Members of the Legislative Assembly to look at the performance audit recommendations documented in this report that departments, commissions and Crown agencies have not implemented. Upcoming meetings of the Public Accounts Committee and/or the Crown Corporations Committee provide an opportunity for Members to pursue the status of these recommendations with the involved departments, commissions and Crown agencies.

Key Findings

Overall, entities self-reported 83% of our 2015 to 2017 recommendations have been implemented

4.8 Our overall results show departments, commissions and agencies have self-reported that they implemented 83% (247 of 297) of our performance audit recommendations from the 2015, 2016 and 2017 Reports of the Auditor General.

Detailed Findings

4.9 Exhibit 4.1 presents the self-reported status of recommendations by department, commission and agency, by report, by year. This information allows users to quickly assess which departments, commissions and agencies have done a good job in implementing our recommendations, and which have not. Appendix II provides additional details on the implementation of recommendations by department, commission and agency.

Exhibit 4.1 - Self-reported Status of Implementation of Recommendations





Legend	
	100% of Recommendations Implemented
	75% - 99% of Recommendations Implemented
	50% - 74% of Recommendations Implemented
	< 50% of Recommendations Implemented

Exhibit 4.2 - Self-reported Status of Implementation of Recommendations

















Department and Project Name	Report Release Date	2019 Status
		Self-Reporting from Department
Social Development - Advisory Services Contract	2017	
Service New Brunswick - Advisory Services Contract	2017	
Environment and Local Government - Climate Change	2017	
NB Power - Climate Change	2017	
Service New Brunswick – Residential Property Assessment – Special Examination	2017	
Executive Council Office - Residential Property Assessment – Special Examination	2017	
Finance and Treasury Board - Residential Property Assessment – Special Examination	2017	
Finance and Treasury Board - School District Purchase Cards	2017	
Education and Early Childhood Development - School District Purchase Cards	2017	
District scolaire francophone Nord-Ouest - School District Purchase Cards	2017	
District scolaire francophone Nord-Est - School District Purchase Cards	2017	
District scolaire francophone Sud - School District Purchase Cards	2017	
Anglophone North School District - School District Purchase Cards	2017	
Anglophone West School District - School District Purchase Cards	2017	
Anglophone East School District - School District Purchase Cards	2017	
Anglophone South School District - School District Purchase Cards	2017	
Opportunities New Brunswick - Financial Assistance to Atcon: Unanswered Questions	2017	
Executive Council Office - Financial Assistance to Atcon: Unanswered Questions	2017	

Exhibit 4.2 – Self-reported Status of Implementation of Recommendations (continued)

Department and Project Name	Report Release Date	2019 Status
		Self-Reporting from Department
Agriculture, Aquaculture and Fisheries - <i>Agricultural Fair Associations</i>	2016	
Legal Aid Services Commission - <i>Public Trustee Services</i>	2016	
Health - <i>Meat Safety - Food Premises Program</i>	2016	
Social Development - <i>Nursing Homes</i>	2016	
Energy and Resource Development - <i>Private Wood Supply</i>	2016	
Energy and Resource Development - <i>Silviculture</i>	2016	
Finance and Treasury Board - <i>Public Debt</i>	2015	
Health - <i>Infection Prevention and Control in Hospitals</i>	2015	
Horizon Health Network - <i>Infection Prevention and Control in Hospitals</i>	2015	
Vitalité Health Network - <i>Infection Prevention and Control in Hospitals</i>	2015	
Opportunities NB - <i>Financial Assistance to Atcon Holdings Inc. and Industry</i>	2015	
Executive Council Office - <i>Financial Assistance to Atcon Holdings Inc. and Industry</i>	2015	
Transportation and Infrastructure - <i>Centennial Building</i>	2015	
Legislative Assembly and Executive Council Office - <i>Constituency Office Costs for Members of the Legislative Assembly and Executive Council</i>	2011	

We find it very unfortunate that recommendations from past four years are still not implemented

4.10 Exhibit 4.3 shows the results summarized by year. Departments, commissions and agencies reported to us that they had implemented 247 of 297 (83%) of our performance audit recommendations from the 2015 to 2017 Reports of the Auditor General. We find it very unfortunate that 50 recommendations from past four years are still not implemented. Appendix III provides a full listing of unimplemented performance audit recommendations as per 2019 departments' self-assessment.

Exhibit 4.3 - Summary Self-Reported Status of Recommendations by Year

Year	Recommendations			Percentage Implemented
	Total	Implemented	Agreed/ Not Implemented	
2017	160 ¹	134	26	84%
2016	44	36	8	82%
2015	93	77	16	83%
Total	297	247	50	83%

We are not satisfied with the implementation rate of our recommendations

4.11 Exhibit 4.4 reports government's progress in implementing our performance audit recommendations since 1999. We are not satisfied with the implementation rate of our recommendations.

¹ The number of recommendations for 2017 is high as a result of our audit on School District Purchase Cards. We requested an implementation update on the status of 14 recommendations from all seven school districts; this alone accounts for 98 recommendations.

Exhibit 4.4 - Implementation of Performance Audit Recommendations

Year	Number of Recommendations	Recommendations Implemented Within		
		Two years	Three years	Four years
1999	99	35%	42%	42%
2000	90	26%	41%	49%
2001	187	53%	64%	72%
2002	147	39%	58%	63%
2003	124	31%	36%	42%
2004	110	31%	38%	49%
2005	89	27%	38%	49%
2006	65	22%	38%	N/A ¹
2007	47	19%	N/A ¹	45% ²
2008	48	N/A ¹	60% ²	57% ⁴
2009	49	73% ²	73% ³	74% ⁴
2010	44	64% ³	70% ³	62% ⁴
2011	24	71% ³	79% ³	63% ⁴
2012	32	69% ³	81% ³	61% ⁴
2013	44	65% ³	61% ³	43% ⁴
2014	17	71% ³	94% ³	71% ⁴
2015	93	49% ³	65% ³	83% ³
2016	44	68% ³	82% ³	-
2017	160	84% ³	-	-
¹ N/A as no follow-up performed in 2010 ² As self-reported by departments, commissions and agencies with confirmation by our Office in the Department of Justice and Consumer Affairs ³ As self-reported by departments, commissions and agencies ⁴ As self-reported by departments, commissions and agencies and reviewed for accuracy by our Office.				

4.12 A summary of significant projects conducted in departments and Crown agencies over the past ten years can be found in Appendix III. For a detailed status report of recommendations since 2015, please see Appendix IV.

Financial Assistance Case Studies

Introduction

We examined two significant files to inform taxpayers of exposure and risks assumed by the Province

4.13 The Province of New Brunswick provides significant financial assistance to industry in the form of loans, loan guarantees, grants, payroll rebates, non-repayable contributions and forgivable loans. This assistance is provided with the objectives of inducing or sustaining economic growth and creating jobs for New Brunswickers, among other objectives.

4.14 The Province provides financial assistance to industry through many departments and economic development entities. Currently, the two main agencies providing assistance to industry on behalf of the Province are:

- Opportunities New Brunswick (ONB); and
- Regional Development Corporation (RDC).

4.15 Over the years, AGNB has audited financial assistance arrangements and provided recommendations for improvement. The most recent reports were our special examinations of Financial Assistance to Atcon Holdings Inc. and Industry, issued in 2015 and 2017.

4.16 In this section, we provide two case studies of significant ongoing financial assistance files. This is to inform taxpayers of the exposure and risks assumed by the Province in relation to financial assistance deals. In addition, it is important to remind government of the continuous need for proper due diligence and sound risk management when making financial assistance decisions.

Positive outcomes noted 4.17 It is important to note that we are aware of instances of financial assistance where ultimately there have been positive outcomes, such as:

- We were informed that ONB has been moving away from using forgivable loans as a form of assistance, except in certain circumstances. It is focusing more on payroll rebates instead. Payroll rebates involve less risk as the objective of the funding is met before funds are disbursed.
- A \$39 million loan receivable converted to an investment in 2014, whose collection previously appeared doubtful, is now generating income. As of March 2019, the Province received investment income of approximately \$5 million.
- An entity with a \$11.5 million loan outstanding had an allowance for loss provision of 30% of the balance, however, the loan was eventually paid back in full by 2017.
- Overall ONB has many loans in its portfolio where repayments are taking place. ONB received approximately \$23 million on average annually in repayments since 2016, its first year of operation.

4.18 It is encouraging to see areas of success within the financial assistance to industry program and we hope this continues in future.

4.19 In the remainder of this section, we discuss two financial assistance cases we believe still represent significant exposure to the Province. They are:

- Assistance to Acadian Wild Blueberry Company Limited; and
- Assistance in connection with the New Brunswick Naval Centre in Bas-Caraquet.

Case I – Blueberries
Case background

4.20 The first case involves a series of loans and grants provided to The Acadian Wild Blueberry Company Limited., a subsidiary of Oxford Frozen Foods Ltd. Since 2013, the Province approved a total of \$69 million of financial assistance to this company. The Federal government contributed another \$4 million.

4.21 In 2013, the Province announced “*Oxford Frozen Foods Ltd. is investing \$184 million to construct a new processing facility, develop wild blueberry fields and create up to 300 jobs on the Acadian Peninsula...over a 10-year period*”².

The Province also exchanged over 6,000 hectares of Crown land in 2013 for an equal number of hectares with Acadian Farms Development Partnership, another Oxford subsidiary. Exhibit 4.6 shows the details of Provincial financial assistance approved and paid to the Acadian Wild Blueberry Company from 2013 to 2019.

4.22 As of March 2019, Opportunities NB (ONB) informed us the Acadian Wild Blueberry Company and other Oxford subsidiaries operating in the area had over 180 employees (full-time, part-time and seasonal). The first phase of the processing facility was completed in 2016. According to ONB, at the time of our work, the construction work at the facility was progressing as planned, and Acadian was current on its payments per the loan agreements.

Exhibit 4.5 - The Acadian Wild Blueberry Company Processing Plant.



Source: <https://www.cbc.ca/news/canada/new-brunswick/blueberry-processing-plant-opens-acadian-oxford-1.3685837>

² Government of New Brunswick News Release: Oxford frozen Food Ltd. Investing in New Brunswick: https://www2.gnb.ca/content/gnb/en/news/news_release.2013.10.1099.html

Exhibit 4.6 - Provincial assistance to The Acadian Wild Blueberry Company 2013-2019 (\$ Thousands)

Department/ Agency	Year Approved	Type of Assistance	Purpose of Assistance	Approved funding	Amount paid as at March 31, 2019	Paid after March 31, 2019 (unaudited)	Total paid*
Provincial Loans:							
INB	2013	Loan	Construction of processing facility	37,500	47,979	-	47,979
ONB	2016	Loan	Expansion of processing facility	12,000			
ONB	2018	Loan	Construction of vegetable processing facility	13,000	6,384	5,274	11,658
ONB	2019	Loan	Additional costs related to vegetable facility	2,000	-	-	-
Total loans				\$64,500	\$54,363	\$5,274	\$59,637
Provincial Grants:							
RDC	2016	Grant	To cover the construction costs of building an electrical substation	758	758	-	758
RDC	2017	Grant		264	264	-	264
ONB/RDC	2018	Grant	Construction of vegetable processing facility (capital expenditures)	3,250	1,879	1,141	3,020
ONB	2018	Grant	Construction of vegetable processing facility	500	297	180	477
Total grants				\$4,772	\$3,198	\$1,321	\$4,519
Total provincial assistance				\$69,272	\$57,561	\$6,595	\$64,156

*includes unaudited amounts paid after March 31, 2019

Source: Prepared by AGNB

Timeline of major milestones

4.23 Below are significant milestones relating to our first case study:

- September 2013: Province approves exchange of over 6,000 hectares of Crown land with Acadian Farms Development Partnership for freehold land.
- October 2013: Agreement for \$37.5 million loan to company to construct a blueberry processing facility.
- March 2015: Atcon report and recommendations published.
- November 2016: Agreement to increase initial loan by \$12 million.
- August 2018: Agreement for \$13 million loan to construct a vegetable processing facility.
- December 2018: Agreement for additional \$2 million loan related to the vegetable processing facility.

2015 Atcon recommendation – limit exposure by limiting assistance

4.24 In 2015, we recommended the Department of Economic Development (now ONB) establish a limit on the amount of assistance/level of exposure that can be granted to a single company or group of related companies.

Outstanding loan balance represents significant exposure

4.25 As at 31 March 2019, the total loan balance was \$54 million representing 19% of ONB's active loan portfolio. Although this percentage falls within ONB's policy for company and industry exposure limits, we believe the dollar value of the outstanding loan still represents significant exposure for the Province.³

2015 Atcon recommendation - audited financial statements

4.26 In 2015, we recommended the Department include a complete version of the most recent audited financial statements with Memorandums to Executive Council requesting financial assistance.

³ According to ONB's *Policy 08 – Portfolio Exposure Limits*, the organization's exposure to a company or group of related companies should not normally exceed 30% of the active portfolio, while exposure to an industry should not normally exceed 50% of the active portfolio.

Assistance provided through a shell company

4.27 In this case, the recipient of financial assistance, Acadian Wild Blueberry Company, was a shell company whose ability to meet financial obligations is entirely dependent on the financial position of its parent (Oxford Frozen Foods Limited).

No audited financial statements of parent entity on file

4.28 Although the recipient company is only a cost centre to its parent company, the agreement with ONB does not require the parent company to submit audited financial statements. The recipient (shell) company's audited financial statements are on file, however ONB is only allowed to view the parent company's financial statements in person and take notes.

Essence of recommendation not implemented

4.29 In theory, it appears that our recommendation has been implemented by ONB. However, the inclusion of audited financial statements of a shell company that is dependent of its parent company is not enough to evaluate all risks relating to the company's ability to meet its repayment obligations under the loan agreements. This is an example where the essence of our recommendation seems to not have been implemented.

2015 Atcon recommendation – evidence to support value of personal guarantees

4.30 In 2015, we recommended that when personal guarantees are provided, the Province ensure there is adequate evidence to support the value of the personal assets such that there is sufficient net worth to safeguard taxpayers' money.

Assets supporting personal guarantee not independently verified

4.31 The company's owner provided a personal guarantee as a security for the loan. ONB's *Policy 06E – Repayable Loans*, requires an annual independent third-party certification of the pledged assets under the personal guarantee. The company's auditors provided a written confirmation of the owner's personal net worth in October 2016, with no details of assets and their valuation. In March 2019, the company's treasurer, who is not independent of the company, provided a confirmation of the net worth, again with no asset details. Neither confirmation was a "detailed statement of net worth" or other acceptable documentation as required by the policy.

***Recommendation
implemented only in
appearance***

4.32 Also, the amount of the guarantee, originally stated as \$20 million, increased by \$5 million, while the approved loans increased from \$37.5 million in 2013 to \$64.5 million as at March 31, 2019. This increases the risk ONB may not be able to recoup funds should the company not be able to pay back the loan.

4.33 Assurance from an informed and reliable source to confirm the owner's net worth is considered a good practice. However, this does not apply if the assurance is from non-independent sources and lacks details of individual assets owned. This is another example where the essence of our recommendation was not followed.

4.34 Given the Province's recent difficulties in collecting on the personal guarantee in the Atcon case, stronger measures should be applied to all personal guarantees to avoid similar scenarios in the future. Such measures should include ensuring personal guarantees adequately complement other forms of security and stricter adherence to related ONB policies.

***Recommendations were
better reflected in 2018
funding***

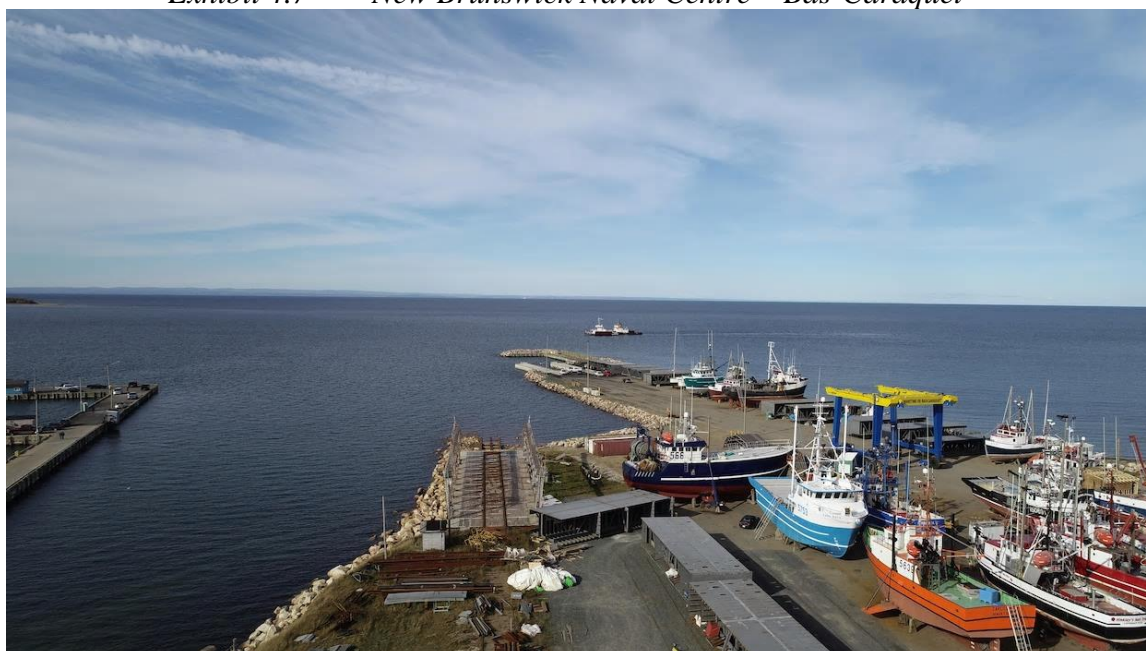
4.35 On a more positive note, we found the decision to provide further assistance in 2018 was supported by additional information, such as consideration of past financial assistance provided to the company and whether there were defaults on past repayment if applicable. This is consistent with one of our 2015 Atcon recommendations.

***Case II – New
Brunswick Naval
Centre***

Case background

4.36 The second case study examines financial assistance extended to various parties in connection with the development and operation of the New Brunswick Naval Centre in Bas-Caraquet.

Exhibit 4.7 - New Brunswick Naval Centre – Bas-Caraquet



Source : <https://ici.radio-canada.ca/nouvelle/1189955/centre-chantier-naval-politique-provinciale-groupe-ocean>

4.37 In 2009-2010, the municipalities of Caraquet and Bas-Caraquet created the Centre Naval du Nouveau-Brunswick Inc. (CNNB) as a not-for-profit company. This company then purchased the Bas-Caraquet shipyard with provincial and Federal assistance. In the following years, further government assistance was provided for improvements in the shipyard's infrastructure and operation. According to a government news release in May 2015, the provincial investment was "helping to create more than 75 jobs and positioning the industry for future growth"⁴. RDC reported there were approximately 106 employees working on-site on March 18, 2019.

4.38 In 2014, the site infrastructure was assessed as inadequate to meet the needs of potential clients and an agreement was reached with governments for the construction and refurbishment of the site. In August 2015,

⁴ Government of New Brunswick News Release: Strategic Investment in the shipbuilding industry on the Acadian Peninsula: https://www2.gnb.ca/content/gnb/en/news/news_release.2015.05.0391.html

it became apparent CNNB could not raise its portion of financing to complete the project.

4.39 In April 2016, in view of the potential loss of the shipyard infrastructure, including job losses and unpaid suppliers possibly going out of business, Provincial Holdings Limited (PHL), a government corporation, officially proposed to purchase the shipyard assets and assume its operations. The municipalities of Caraquet and Bas-Caraquet accepted the proposal, which required each municipality to provide \$80,000 in funding every year for 10 years. In June 2016, the Province’s Jobs Board and Treasury Board approved the purchase of the Naval Centre.

Timeline of major milestones

4.40 Below are significant milestones relating to our second case study:

- 2010: Municipalities of Caraquet and Bas-Caraquet purchased the Bas-Caraquet shipyard with federal assistance and a \$300,000 loan guarantee from RDC.
- March 2015: Atcon report and recommendations published.
- August 2016: Province, through Provincial Holdings Limited (PHL), purchases the assets of CNNB and Services Maritimes de Bas-Caraquet Ltée for \$1.
- October 1, 2016: Loan agreement between RDC and PHL for up to \$12.6 million for the construction of a floating dry-dock.
- October 24, 2016: Agreement with Ocean Group, a private company, for the construction of the dry-dock, and lease agreement between Ocean Group and PHL for the use of the dry-dock (20 years upon completion of the dry-dock).
- July 10, 2017: Agreement between RDC and Atlantic Canada Opportunities Agency (ACOA), a federal agency, for up to \$10 million funding for the refurbishment of a slipway and u-wharf, the purchase of a travelling boat lift, and site work and upgrades to the fire protection system.

4.41 Exhibit 4.8 below shows the details of provincial financial assistance approved and paid in connection with the New Brunswick Naval Centre from 2009 to 2019.

Exhibit 4.8 - Provincial assistance in connection with the New Brunswick Naval Centre 2009-2019 (\$ Thousands)

Department/ Agency	Funding Recipient	Year Approved	Type of Assistance	Purpose of Assistance	Funding Committed	Paid up to March 31, 2019
RDC	CNNB	2009-2012	Various	Infrastructure and operational improvements	2,889	2,632
RDC	CNNB	2014	Grant	Construction and refurbishment of CNNB site	4,000	1,529
RDC	PHL	2016	Various	To purchase shipyard site, settle debts with unpaid suppliers and invest in infrastructure	8,970	8,970
RDC	PHL	2016	Loan	Construction of a dry-dock	12,615	9,142
ONB	Ocean Group	2016-2019	Payroll rebates	Payroll rebates	655	655
Total provincial assistance					\$29,129	\$22,928

Source: Prepared by AGNB

4.42 Exhibit 4.8 shows the province, since 2009, has approved a total of \$29 million of funding in connection with the Naval Centre. This is in addition to \$14 million of approved Federal funding through ACOA.

More than \$24 million invested by Federal and provincial governments since August 2016

4.43 From the Province's purchase of the shipyard in August 2016 to March 31, 2019, RDC reported \$18.5 million was invested in the shipyard by PHL and RDC. Of this amount, \$10.3 million was paid to Ocean Group. ACOA contributed a further \$6 million to RDC for the project in 2017-2018 and 2018-2019.

Provincial bailout of the centre resulted in \$3.8 million loss on acquisition

4.44 In August 2016, PHL purchased the assets of CNNB and Services Maritimes (land, buildings, equipment, etc.) for \$1. The agreement required PHL to settle debts with unpaid suppliers and invest in the infrastructure. The effective purchase consideration, including settlements with suppliers and the bank, as well as other fees, totalled \$8.8 million. When comparing to the value of assets received, PHL recorded a \$3.8 million net loss on acquisition in its 2017-2018 financial statements.

No risk assessment to support the bailout decision

4.45 We found the information provided to decision makers did not include a risk assessment or any mention of PHL's asset management capabilities in the shipbuilding industry.

4.46 The purchase agreement required PHL to enter into a number of agreements with Ocean Group to:

- lease assets at the shipyard (building, equipment);
- construct a floating dry-dock;
- lease the dry-dock.

Exhibit 4.9 - Construction of the dry-dock



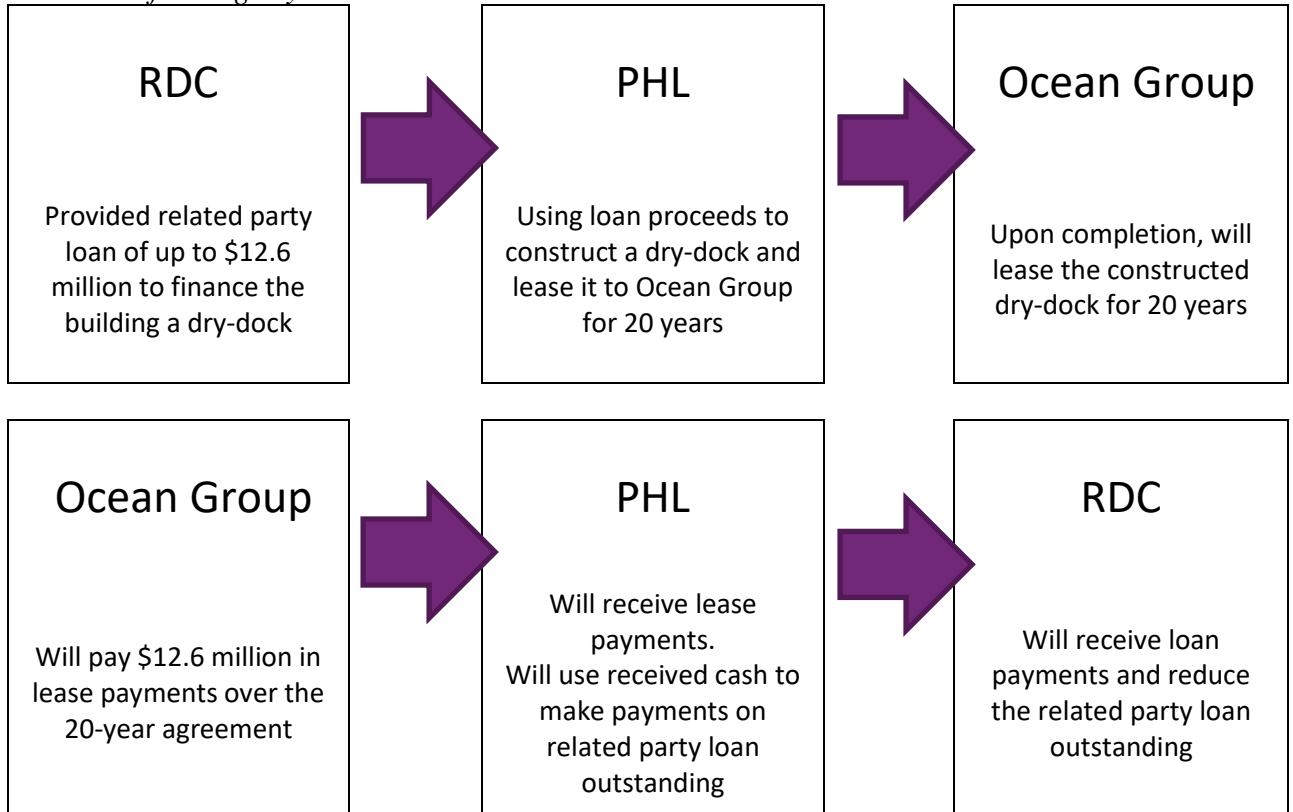
Source: <https://ici.radio-canada.ca/nouvelle/1287943/groupe-ocean-cale-seche-bas-caraquet>

Unusually structured financing where the Province bears all the risk

4.47 In October 2016, a loan agreement between RDC and PHL, two related provincial corporations, was signed for up to \$12.6 million to finance the construction of the dry-dock. A lease agreement was then signed between Ocean Group and PHL to use the dry-dock for 20 years once completed. The lease payments total \$12.6 million. Re-payments are to be made by PHL to RDC consistent with lease payments. This is an unusually structured loan between two related provincial entities as the Province still bears all the risk. Ocean Group was awarded the contract to build the dry-dock and then lease it for 20 years, while the Province provided all the financing.

4.48 Exhibit 4.10 illustrates the financial arrangements between the parties involved in the construction and leasing of the floating dry-dock.

Exhibit 4.10 - Financial arrangements for the construction and leasing of the floating dry-dock



Source: Prepared by AGNB from information provided by RDC

Dry-dock construction behind schedule

4.49 PHL contracted the same company to whom it was leasing the yet-to-be completed dry-dock, Ocean Group, to also construct said dry-dock, which was scheduled to be completed in April 2019. There have been several delays to the project and as of August 2019, the dry-dock was still not complete.

Dry-dock construction to be completed in Quebec

4.50 At the end of August 2019, there was a dispute between the Province and Ocean Group. The province obtained a warrant to prevent Ocean from moving the dry-dock from New Brunswick to Quebec before its construction was complete. A Federal Court judge ruled that Ocean could move the dry-dock under certain conditions, therefore its construction will be completed in Quebec.

Current shipyard operations

4.51 PHL officials informed us Ocean Group has begun making lease payments, and that other companies continue to lease buildings and equipment at the shipyard for the construction and repair of boats.

***Relevant Atcon
Recommendations***

***2015 Atcon
recommendations -
streamline
administration &
coordination from ECO***

***2015 Atcon
recommendation -
quantify the risks and
rewards***

***Essence of
recommendations not
implemented***

Conclusions

4.52 In 2015 we recommended the following:

- We recommend, as an efficiency measure and to streamline administration, the Department of Economic Development (now ONB) make recommendations to Cabinet to rationalize the number of provincial entities that provide financial assistance to industry; and
- We recommend the Executive Council Office (ECO) take responsibility for coordinating the implementation by all departments/agencies providing financial assistance to industry of recommendations of this report.
- To improve future economic development decision making, we recommended the Department quantify the risks and rewards to the Province in order to clearly establish and balance the value received for the output of funding and the risk assumed by the Province.

4.53 Our 2015 Atcon recommendations were intended to apply to all provincial entities providing financial assistance to industry. Without a streamlined approach to financial assistance and the implementation of our recommendations by all entities, there continues to be a lack of provincial perspective on financial assistance. In addition, not providing risk assessments to decision makers and structuring deals that leave the Province to assume all the risks demonstrates the safeguards recommended in our Atcon 2015 report were not followed in the Bas-Caraquet shipyard file. As a result, there is major uncertainty with regards to the value New Brunswick taxpayers received from a \$23 million investment in the shipyard.

4.54 It is clear the Province has continued to enter into significant financial assistance arrangements through multiple provincial entities. Due diligence, risk management and monitoring practices employed by these entities vary in depth and rigor.

4.55 We are concerned to see the essence of some of our Atcon recommendations not being implemented when new financial assistance decisions were made. In our view:

- Assistance should not be extended to a shell company unless it is secured against the parent company's assets. In such cases, it is not enough to only obtain and review the financial statements of the recipient

company. Although this may appear to meet the policy requirements, it will not provide a true assessment of the recipient's financial position.

- It is not acceptable to only obtain a certification of total net worth supporting a personal guarantee. Instead, an independently certified detailed statement of personal net worth should be obtained and regularly updated to stand up in court should the Province be unable to recover funds from the funding recipient;
- Limits on assistance to a single company, set as a percentage of active portfolio, should limit the level of exposure to the Province. Although the \$54 million outstanding loan balance of the Acadian Wild Blueberry Company falls within ONB's new policy limit, it still represents a significant level of exposure for the Province.

It is unacceptable taxpayers remain uninformed with regard to the total amount of funds extended as financial assistance and the outcomes achieved

4.56 We continue to believe central delivery and monitoring of financial assistance would ensure consistency in assessing and controlling risks to the taxpayer and the Province overall. Further, it is unacceptable taxpayers remain uninformed with regard to the total amount of funds extended as financial assistance and the outcomes achieved.

4.57 While we encourage and support the positive outcomes attained by ONB, we believe implementing the essence of our 2015 Atcon recommendations would help the Province improve risk management, sustain and build on successes achieved thus far.

Appendix I - Scope and Objective of Follow-up Work

Scope and objective

The office's practice, after a performance audit report is published, is to request from the audited Department, commission or agency an annual status update on the implementation of our recommendations, starting in the second year after the date of the original Report. We usually verify recommendation implementation four years after the report was released. In other words, in this 2019 Report, we are tracking progress on performance audit recommendations from 2015, 2016 and 2017. We may also choose to track the status of some recommendations for a period extending beyond four years.

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, not implemented, disagreed with, or no longer applicable.

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.

This year we modified our follow-up process to examine two financial assistance files which represent significant exposure for the Province. As a result, we did not verify implementation status submitted by departments, commissions and agencies. We gathered and summarized the information submitted for 2015, 2016 and 2017 and certain recommendations made in 2011 concerning constituency office expenses.

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.

Appendix II - Status of Performance Audit Recommendations as Reported by Departments, Commissions or Agencies

Department/ Commission/ Agency	Subject	Year	Performance Audit Recommendations					% Implemented
			Total	Implemented	Agreed/Not implemented	Disagreed	No longer applicable/Not determinable	
Agriculture, Aquaculture and Fisheries	Agricultural Fair Association	2016	8	7	1	0	0	88%
SNB	Advisory Services Contract	2017	3	2	1	0	0	67%
Social Development			13	13	0	0	0	100%
ASD-W	School District Purchase Cards	2017	14	12	2	0	0	86%
ASD-N			14	14	0	0	0	100%
ASD-E			14	14	0	0	0	100%
ASD-S			14	14	0	0	0	100%
DSF-S			14	13	1	0	0	93%
DSF-NE			14	8	6	0	0	57%
DSF-NO			14	14	0	0	0	100%
EECD			2	2	0	0	0	100%
Finance and Treasury Board			2	0	2	0	0	0%
Environment & Local Government			Climate Change	2017	5	2	3	0
NB Power	3	2			1	0	0	67%
Opportunities NB	Financial Assistance to Atcon: Unanswered Questions	2017	8	8	0	0	0	100%
Executive Council Office			1	1	0	0	0	100%
Service New Brunswick	Residential Property Assessment – Special Examination	2017	22	13	9	0	0	59%
Executive Council Office			1	1	0	0	0	100%
Finance and Treasury Board			2	1	1	0	0	50%
Energy and Resource Development	Private Wood Supply	2015	19	14	5	0	0	74%
Energy and Resource Development	Silviculture	2015	21	15	6	0	0	71%
Finance and Treasury Board	Public Debt	2015	8	4	4	0	0	50%
Legal Aid Services Commission	Public Trustee Services	2016	10	6	4	0	0	60%
Health	Meat Safety - Food Premises Program	2016	23	20	3	0	0	87%

Appendix II - Status of Performance Audit Recommendations as Reported by Departments, Commissions or Agencies (Continued)

Health	Infection Prevention and Control in Hospital	2015	2	2	0	0	0	100%
Horizon Health Network			9	9	0	0	0	100%
Vitalité Health Network			10	10	0	0	0	100%
Opportunities NB	Financial Assistance to Atcon Holdings Inc. and Industry	2015	17	17	0	0	0	100%
Executive Council Office			2	1	1	0	0	50%
Social Development	Nursing Homes	2016	3	3	0	0	0	100%
Transportation and Infrastructure	Centennial Building	2015	5	5	0	0	0	100%
Executive Council Office /Legislative Assembly	Constituency Office Expenses	2011	5	5	0	0	0	100%
Total			302	252	50	0	0	83%

* All values are self-reported results

Appendix III

Summary of Significant Projects Conducted in Departments and Crown Agencies over the Past Ten Years

The following is a list of value-for-money projects reported in a separate chapter of our annual Reports over the last ten years, organized by department and agency. The year of reporting is in brackets following the subject of the projects. The list is organized using the current name of the department or agency, even though in some cases the project was conducted prior to government reorganization.

Department of Agriculture, Aquaculture and Fisheries

Agricultural Fair Associations (2016)

This chapter examines whether there is adequate government oversight of New Brunswick Agricultural Associations.

Department of Education and Early Childhood Development

Student Performance: A New Brunswick Challenge (2018)

This chapter reports observations, findings and recommendations regarding the Department's management of student performance in reading, math and science, which is measured through provincial assessments. It examines whether the Department sets goals for student performance, monitors, improves and publicly reports on student performance. It covers both the Anglophone and Francophone education sectors and includes all seven school districts.

School District Purchase Cards (2017)

This chapter examines the use of purchase cards by school districts after we identified risks associated with the use of purchase cards through our financial audit work, which highlighted numerous control weaknesses in the purchase card procedures.

Provincial Testing of Students – Anglophone Sector (2009)

This chapter assesses the Department's strategic direction for its provincial testing of students in the Anglophone sector. It also assesses the Department's process of administering its provincial testing of students in the Anglophone sector.

Department of Environment and Local Government

Climate Change (2017)

In April 2016 all Auditors General across Canada agreed to undertake work on their provinces' and territories' climate change initiatives. This work will then be summarized in a report to the Parliament in early 2018. The overall objective of this initiative was to work together to determine the extent to which federal, provincial and territorial governments in Canada are meeting commitments to reduce greenhouse gas (GHG) emissions and to adapt to climate change.

Solid Waste Commissions (2012)

This chapter examines the governance, accountability and financial management of the twelve provincial solid waste commissions. It also addresses the Province's involvement in reducing the impacts of solid waste on the environment.

Wastewater Commissions (2011)

This chapter examines the governance, accountability and financial practices of the three largest wastewater commissions: the Greater Moncton Sewerage Commission, the Greater Shediac Sewerage Commission and the Fredericton Area Pollution Control Commission. The report addresses concerns with respect to board governance, accountability and questionable financial practices of the Greater Moncton Sewerage Commission.

Environmental Trust Fund (2009)

This chapter examines whether the purpose of the Environmental Trust Fund is clearly established, and whether the Fund is measuring and reporting the achievement of its goals and objectives. It also examines whether the Fund is operating as intended with respect to grants.

Executive Council Office

Constituency Office Costs for Members of the Legislative Assembly and Executive Council (2011)

This chapter reports observations, findings and recommendations regarding Members' constituency office costs with respect to the authority and management by both the Office of the Clerk of the Legislative Assembly and departments. It identifies positive features, as well as issues that need improvement to ensure proper stewardship and accountability.

Department of Finance

Overdue Property Tax: Collections and Forgiveness (2019)

This chapter examines the Department of Finance's activity in meeting its responsibilities and utilizing its authority granted under the Real Property Tax Act and Financial Administration Act in collecting overdue property tax and in forgiving property tax debt.

Agricultural Fair Associations (2016)

This chapter examines whether there is adequate government oversight of New Brunswick Agricultural Associations.

Atlantic Lottery Corporation (2016)

This volume examines whether Atlantic Lottery Corporation('s):

- governance structures and processes create a framework for effective governance and are working well;
- executive and employee compensation and benefits are appropriately managed;
- travel, hospitality, and board expenses are managed in a transparent manner that promotes the appropriate use of shareholder money;
- significant contracts are monitored to ensure services are received, and payments made, in accordance with contract terms;
- significant contracts are effective in meeting its objectives and achieving enterprise value; and
- procures required services in an efficient and economical manner.

Public Debt (2015)

This chapter describes the public debt situation in New Brunswick in comparison with other Canadian provinces. It determines if the Department of Finance follows a prudent debt management practice to mitigate risks associated with public debt.

Collection of Accounts Receivable (2013)

This chapter provides information on provincial policies and initiatives currently underway to improve the collection of accounts receivable, and our comments relating to those policies and initiatives.

Department of Government Services

Procurement of Goods and Services – Phase 1 (2013)

This chapter examines whether public purchasing practices used by the Department comply with key components of the regulatory framework and best practices, and if it publicly reports on the effectiveness of the procurement function.

Department of Health

Medicare Cards (2019)

This chapter determines if the Department of Health has process and controls to ensure only eligible residents are issued a Medicare card, and whether the security and privacy of cardholder's information is protected.

Addiction and Mental Health Services in Provincial Adult Correctional Institutions (2018)

This chapter examines whether the Department of Health and the Department of Justice and Public Safety deliver addiction and mental health services to provincial correctional institution inmates to improve health outcomes and contribute to safer communities.

Meat Safety – Food Premises Program (2016)

This chapter determines if the Department of Health monitors and enforces compliance with the legislation, regulations and policies in place to ensure the safety of meat for public consumption.

Nursing Homes (2016)

This chapter provides information on the current status of nursing homes. It looks at the current situation in the province concerning nursing homes and the capacity within the system to meet the growing demand for services.

Infection Prevention and Control in Hospitals (2015)

This chapter determines if the Department of Health and the Regional Health Authorities have an infection prevention and control program to protect people from hospital-acquired infections.

Medicare - Payments to Doctors (2012)

This chapter examines whether the Department of Health is maximizing its recovery of incorrect Medicare payments to doctors, through the practitioner audit function. It also highlights unusual items that warrant further investigation by the Department.

EHealth – Procurement and Conflict of Interest (2012)

This chapter examines the government procurement policy for purchases of services related to the E-Health initiative. It also examines whether a conflict of interest exists in the use of consultants.

Department of Justice and Public Safety

Addiction and Mental Health Services in Provincial Adult Correctional Institutions (2018)

This chapter examines whether the Department of Health and the Department of Justice and Public Safety deliver addiction and mental health services to provincial correctional institution inmates to improve health outcomes and contribute to safer communities.

Public Trustee Services (2016)

This chapter examines whether the Public Trustee properly safeguards and administers client assets held in trust, whether the Public Trustee's processes for making care decisions on behalf of its clients are in accordance with legislation and policies, and whether the Public Trustee publicly reports on the performance of its services.

Agricultural Fair Associations (2016)

This chapter examines whether there is adequate government oversight of New Brunswick Agricultural Associations.

Legislative Assembly

Constituency Office Costs for Members of the Legislative Assembly and Executive Council (2011)

This chapter reports observations, findings and recommendations regarding Members' constituency office costs with respect to the authority and management by both the Office of the Clerk of the Legislative Assembly and departments. It identifies positive features, as well as issues that need improvement to ensure proper stewardship and accountability.

Department of Energy and Resource Development

Silviculture (2015)

This chapter determines whether the Department is meeting its responsibilities to enhance the quality and quantity of future timber supply through silviculture and acquires silviculture services with due regard for economy and efficiency.

Private Wood Supply (2015)

This chapter determines whether the Department is meeting its responsibilities respecting timber supply from private woodlots and if the New Brunswick Forest Products Commission provides adequate oversight of Forest Products Marketing Boards.

Department of Post-Secondary Education, Training and Labour

Immigration with the Provincial Nominee Program (2010)

This chapter examines whether the Population Growth Secretariat has identified and documented significant planning measures for New Brunswick's Provincial Nominee Program. It also examines whether the Secretariat has adequate processes and controls for delivering the Provincial Nominee Program in New Brunswick, and if it supports the program in achieving its objective "to increase the economic benefits of immigration to New Brunswick." Finally, it examines whether the Secretariat measures performance for the Provincial Nominee Program and if it publicly reports the program's performance.

Department of Social Development

Advisory Services Contract (2017)

This chapter evaluated the effectiveness of specific Department of Social Development contract management practices in procuring, administering, and measuring results of a significant consulting contract for advisory services.

Nursing Homes (2016)

This chapter provides information on the current status of nursing homes. It looks at the current situation in the province concerning nursing homes and the capacity within the system to meet the growing demand for services.

Foster Homes (2013)

This chapter examines whether the Department complies with its documented foster home standards, and if it publicly reports on the effectiveness of its Children's Residential Services program.

CMHC Social Housing Agreement (2011)

This chapter examines the future of the financial impact to the Province due to the decline of funding under the CMHC Social Housing Agreement; and assesses whether the Department managed and administered the programs in accordance with four key agreement requirements.

Review of Nursing Home Contract with Shannex Inc. (2009)

This chapter examines various questions surrounding the contract with Shannex Inc. to supply nursing home beds.

Department of Tourism, Heritage and Culture

New Brunswick Art Bank (2010)

Our objective for this project was to ensure that all art works acquired for the provincial Art Bank can be accounted for and are being adequately protected, maintained and conserved.

Department of Transportation and Infrastructure

Outsourcing of Highway Maintenance and Construction Work (2019)

This chapter examined the decision-making process followed by the Department of Transportation and Infrastructure to outsource highway maintenance, construction and procurement of related equipment to determine if it was evidence based.

Centennial Building (2015)

This chapter reports on government infrastructure planning for the Centennial Building in Fredericton, associated financial impact on provincial taxpayers, and the current status of the facility.

Provincial Bridges (2013)

This chapter examines whether the Department performs bridge inspections in accordance with accepted professional standards and used the inspection results to identify and prioritize necessary capital maintenance and other remedial measures. The chapter also examines whether the Department maintains the service level of its bridge inventory based on a long term least life cycle cost approach, and whether it publicly reports on the condition of designated Provincial bridges and the effectiveness of its bridge inspection activities.

Premixed Asphalt Procurement (2013)

This chapter discusses our planned project to determine if the Department's exempt purchases of pre-mixed asphalt are being made with due regard of economy and transparency, and the reasons why we chose to temporarily defer this project.

Capital Maintenance of Highways (2012)

This chapter examines whether capital road repairs, identified as necessary by the Department, are made on a timely basis.

Public-Private Partnership: Eleanor W. Graham Middle School and Moncton North School (2011)

This chapter examines the process for identifying the two school project as potential P3 agreements and evaluates the value for money assessment on which the Department's decision to recommend the P3 approach for the two school project was based.

Review of Nursing Home Contract with Shannex Inc. (2009)

This chapter examines various questions surrounding the contract with Shannex Inc. to supply nursing home beds.

Government-wide projects

Office of the Chief Information Officer

Data Centre Power Interruption (2014)

This chapter examines the events and circumstances surrounding the data centre outage of June 9, 2014. It reports findings on the impact to government operations and the level of emergency preparedness of IT operations. It provides recommendations on improvements to business continuity and disaster recovery planning as well as defining roles and responsibilities of those involved in providing IT services.

Legal Aid Services Commission

Public Trustee Services (2016)

This chapter examines whether the Public Trustee properly safeguards and administers client assets held in trust, whether the Public Trustee's processes for making care decisions on behalf of its clients are in accordance with legislation and policies, and whether the Public Trustee publicly reports on the performance of its services.

New Brunswick Liquor Corporation

Agency stores (2010)

This chapter examines whether the New Brunswick Liquor Corporation has appropriate control procedures for its agency store program.

Crown Agency and Crown Corporation Projects

New Brunswick Lotteries and Gaming Corporation

Atlantic Lottery Corporation – Joint Follow-up of the 2016 Recommendations to the Atlantic Lottery Corporation (2019)

This was a joint follow-up report by the Auditors General of New Brunswick, Newfoundland and Labrador, Nova Scotia, and Prince Edward Island on the implementation status of the 25 recommendations made in their 2016 audit of the Atlantic Lottery Corporation (ALC). There were separate recommendations directed to the four shareholder governments, the board and management.

Atlantic Lottery Corporation (2016)

This volume examines whether Atlantic Lottery Corporation's:

- governance structures and processes create a framework for effective governance and are working well;
- executive and employee compensation and benefits are appropriately managed;
- travel, hospitality, and board expenses are managed in a transparent manner that promotes the appropriate use of shareholder money;
- significant contracts are monitored to ensure services are received, and payments made, in accordance with contract terms;
- significant contracts are effective in meeting its objectives and achieving enterprise value; and
- services are procured in an efficient and economical manner.

NB Power

Climate Change (2017)

In April 2016 all Auditors General across Canada agreed to undertake work on their provinces' and territories' climate change initiatives. This work will then be summarized in a report to the Parliament in early 2018. The overall objective of this initiative was to work together to determine the extent to which federal, provincial and territorial governments in Canada are meeting commitments to reduce greenhouse gas (GHG) emissions and to adapt to climate change.

Point Lepreau Generating Station Refurbishment – Phase II (2014)

This chapter assesses the reasonableness of key project costs of the Point Lepreau Generating Station Refurbishment Project.

Point Lepreau Generating Station Refurbishment – Phase I (2013)

This chapter describes key aspects of NB Power's planning and execution of the Point Lepreau refurbishment, and presents summaries of amounts making up the \$1.4 billion asset account and the \$1.0 billion deferral account related to the refurbishment.

Opportunities NB

Financial Assistance to Atcon: Unanswered Questions (2017)

This chapter examines questions on the use of the funds received by Atcon and whether anyone benefited inappropriately from this money during the short timeframe between granting the company financial assistance and the placement of Atcon into receivership.

Financial Assistance to Atcon Holdings Inc. and Industry (2015)

This chapter assesses whether the government exercised due diligence in granting financial assistance to the Atcon group of companies and determines if provincial government organizations coordinate the provision of assistance to industry to limit provincial exposure. It also determines whether the Department has implemented recommendations made in previous performance audits of assistance it provides to industry as well as the effectiveness of the Department's public reporting of the financial assistance it provides.

Financial Assistance to Industry (2010)

This chapter assesses whether the Department has adequate procedures in place to measure and report on the effectiveness of the financial assistance it provides to industry.

New Brunswick Innovation Foundation (2009)

This chapter examines whether governance structures and practices established by the Department in connection with the delivery of innovation funding through the New Brunswick Innovation Foundation ensure accountability and protection of the public interest.

Regional Health Authorities – Horizon and Vitalité Health Networks

Infection Prevention and Control in Hospitals (2015)

This chapter determines if the Department of Health and the Regional Health Authorities have an infection prevention and control program to protect people from hospital-acquired infections.

Service New Brunswick

Residential Property Assessment – Special Examination (2017)

This chapter examines the circumstances related to inaccuracies and errors in Service New Brunswick's (SNB) calculation of real property assessment values for the taxation years 2011 through 2017.

Agricultural Fair Associations (2016)

This chapter examines whether there is adequate government oversight of New Brunswick Agricultural Associations.

Data Centre Power Interruption (2014)

This chapter examines the events and circumstances surrounding the data centre outage of June 9, 2014. It reports findings on the impact to government operations and the level of emergency preparedness of IT operations. It provides recommendations on improvements to business continuity and disaster recovery planning as well as defining roles and responsibilities of those involved in providing IT services.

WorksafeNB

Phase I – Governance (2018)

This chapter determines if WorksafeNB's framework is structured to enable the organization to meet its mandate, goals and objectives.

Phase II – Management of Injured Workers' Claims (2018)

This chapter presents findings and recommendations regarding WorkSafeNB's management of injured workers' claims. It examines whether WorkSafeNB has an effective claims management framework.

Appendix IV
Detailed Status Report of
Recommendations
Since 2015

Chapter Name	Department/ Agency	Year	Volume	Chapter	Par.	Recommendation	Self Reported Status
Financial Assistance to Atcon Holdings Inc. and Industry	Economic Development (Opportunities NB)	2015	1	2	38	We recommend the Department establish clear guidelines for applications for assistance with documented analysis maintained in the client file to ensure decisions are supported.	Implemented
Financial Assistance to Atcon Holdings Inc. and Industry	Economic Development (Opportunities NB)	2015	1	2	39	We recommend the Department ensure all requests for assistance include an application properly prepared and signed as complete and accurate by the client.	Implemented
Financial Assistance to Atcon Holdings Inc. and Industry	Economic Development (Opportunities NB)	2015	1	2	41	We recommend the Department establish minimum standards and criteria, such as number of jobs to be created or maintained per dollar advanced, for use in evaluating applications for assistance.	Implemented
Financial Assistance to Atcon Holdings Inc. and Industry	Economic Development (Opportunities NB)	2015	1	2	45	We recommend the Department include a complete version of the most recent audited financial statements with Memorandums to Executive Council requesting financial assistance.	Implemented
Financial Assistance to Atcon Holdings Inc. and Industry	Economic Development (Opportunities NB)	2015	1	2	57	We recommend the financial considerations included in the Memorandum to Executive Council clearly state the financial impact on the accounts of the Province, including the need for a provision for loss.	Implemented
Financial Assistance to Atcon Holdings Inc. and Industry	Economic Development (Opportunities NB)	2015	1	2	61	To improve future economic development decision making, we recommend the Department quantify the risks and rewards to the Province in order to clearly establish and balance the value received for the output of funding and the risk assumed by the Province.	Implemented

Chapter Name	Department/ Agency	Year	Volume	Chapter	Par.	Recommendation	Self Reported Status
Financial Assistance to Atcon Holdings Inc. and Industry	Economic Development (Opportunities NB)	2015	1	2	64	We recommend the Department establish guidelines for verification of claims and assumptions underlying projections included in applications for financial assistance.	Implemented
Financial Assistance to Atcon Holdings Inc. and Industry	Economic Development (Opportunities NB)	2015	1	2	65	We recommend all claims of job creation or maintenance, in connection with the application, be made in writing, supported by documentation and signed by a company representative indicating the accuracy of the documentation and the company's commitment.	Implemented
Financial Assistance to Atcon Holdings Inc. and Industry	Economic Development (Opportunities NB)	2015	1	2	72	We recommend the Department, in collaboration with others, propose an update to the <i>Economic Development Act</i> and Regulation to clarify the authority to amend security.	Implemented
Financial Assistance to Atcon Holdings Inc. and Industry	Economic Development (Opportunities NB)	2015	1	2	82	Where it would improve the security taken by the Province on loan agreements, we recommend the Department seek an independent assessment of assets when assets are provided as security on loan or guarantee agreements, especially where the value is significant. Should further financial assistance be requested, the Department should reassess the value of these assets as this may affect the realizable value of the security.	Implemented
Financial Assistance to Atcon Holdings Inc. and Industry	Economic Development (Opportunities NB)	2015	1	2	83	When personal guarantees are provided, we recommend the Province ensure there is adequate evidence to support the value of the personal assets such that there is sufficient net worth to safeguard taxpayers' money.	Implemented

Chapter Name	Department/ Agency	Year	Volume	Chapter	Par.	Recommendation	Self Reported Status
Financial Assistance to Atcon Holdings Inc. and Industry	Economic Development (Opportunities NB)	2015	1	2	85	We recommend the Department clearly identify companies and individuals involved in past defaults on government financial assistance as part of the Memorandum to Executive Council (MEC). Where there is a recommendation to approve assistance to such a company or individual, the justification should be clearly stated on the MEC.	Implemented
Financial Assistance to Atcon Holdings Inc. and Industry	Economic Development (Opportunities NB)	2015	1	2	95	We recommend the Department establish a limit on the amount of assistance/level of provincial exposure that can be granted to a single company or group of related companies.	Implemented
Financial Assistance to Atcon Holdings Inc. and Industry	Economic Development (Opportunities NB)	2015	1	2	96	We recommend the Department implement a process whereby financial assistance to industry provided by all government departments/agencies is monitored to determine the extent of financial assistance granted by all agents in the government reporting entity.	Implemented
Financial Assistance to Atcon Holdings Inc. and Industry	Executive Council Office	2015	1	2	97	We recommend, as an efficiency measure and to streamline administration, the Department of Economic Development make recommendations to Cabinet to rationalize the number of provincial entities that provide financial assistance to industry.	Not Implemented
Financial Assistance to Atcon Holdings Inc. and Industry	Executive Council Office	2015	1	2	98	We recommend the Executive Council Office take responsibility for coordinating the implementation by all departments/agencies providing financial assistance to industry of recommendations of this report.	Implemented
Financial Assistance to Atcon Holdings Inc. and Industry	Economic Development (Opportunities NB)	2015	1	2	113	We recommend the Department report both expected and actual results of job creation and job maintenance in their annual report.	Implemented

Chapter Name	Department/ Agency	Year	Volume	Chapter	Par.	Recommendation	Self Reported Status
Financial Assistance to Atcon Holdings Inc. and Industry	Economic Development (Opportunities NB)	2015	1	2	123	We recommend the Department annually track and report the 10-year history of actual performance of assistance provided to industry, based on the 2010 analysis performed by the Office of the Comptroller.	Implemented
Financial Assistance to Atcon Holdings Inc. and Industry	Economic Development (Opportunities NB)	2015	1	2	127	We recommend the Department establish goals, objectives and measurable targets for its financial assistance to industry programs.	Implemented
Infection Prevention and Control in Hospitals	Horizon Health Network and Vitalité Network	2015	2	2	112	<p>We recommend the Horizon and Vitalité Health Networks address deficiencies in infection prevention and control practices within their respective programs, including but not limited to those reported in Exhibit 2.9 such as:</p> <ul style="list-style-type: none"> • hand hygiene not done when required by policy, healthcare workers wearing rings and bracelets, areas with inadequate signage and gel; • biomedical waste improperly stored; • overcrowding in hemodialysis and oncology areas whose patients have an increased risk of acquiring an infectious disease; • no cleaning between patients treated in the same chemotherapy chair; • isolation inadequacies (signage, carts supplies, use of personal protective equipment, etc.); • linen deficiencies (clean laundry arriving at hospitals without being properly covered, linen delivery trucks not properly cleaned, 	Implemented

Chapter Name	Department/ Agency	Year	Volume	Chapter	Par.	Recommendation	Self Reported Status
Infection Prevention and Control in Hospitals	Horizon Health Network and Vitalité Network	2015	2	2	112 cont	<ul style="list-style-type: none"> uncovered clean linen transported through the hospital, inadequate washing or replacing of the cloth cart covers protecting clean linen, excessive linen inventories, improper storage of clothing worn in the operating room, etc.); containers of disinfectant wipes left open; inadequate separation of clean and dirty items and storage space (clean linen stored in poor locations, inadequate separation within nursing units and Medical Device Reprocessing units, equipment and testing supplies stored in patient's washrooms, poor placement of soiled linen hampers, etc.); doors missing or being left open; permanent placement of patients in beds in the corridor; inadequate cleaning, labelling and storage of shared equipment; insufficient signage (public entrances) and labelling ("clean" and "soiled" items, storage areas, etc.); and construction areas not properly sealed-off from patient areas (with proper ventilation and signs restricting access). 	Implemented
Infection Prevention and Control in Hospitals	Horizon Health Network	2015	2	2	113	We recommend the infection prevention and control professionals and all managers do regular "walk-arounds" observing for compliance with policies and standards, reporting deficiencies to the units/departments, and ensuring corrective action is taken by those units/departments. Deficiencies should be monitored and reported to appropriate committees and/or department heads.	Implemented
	Vitalité Health Network						Implemented

Chapter Name	Department/ Agency	Year	Volume	Chapter	Par.	Recommendation	Self Reported Status
Infection Prevention and Control in Hospitals	Horizon Health Network	2015	2	2	114	In smaller hospitals without on-site managers, we recommend the infection prevention and control professional and unit/department managers perform site visits on a regular basis. These visits will provide the opportunity to better monitor the smaller facility. Also, it will provide staff members with the opportunity to ask questions and identify challenges with which they are dealing.	Implemented
	Vitalité Health Network						Implemented
Infection Prevention and Control in Hospitals	Horizon Health Network	2015	2	2	115	We recommend the Horizon and Vitalité Health Networks enforce compliance with infection prevention and control policies by all staff members, in all hospitals.	Implemented
	Vitalité Health Network						Implemented
Infection Prevention and Control in Hospitals	Horizon Health Network	2015	2	2	146	We recommend the Department of Health in consultation with the Horizon and Vitalité Health Networks develop a provincial infection prevention and control program and strategy for use in all New Brunswick hospitals. This should address both routine practices and additional precautions. The provincial program should include, but not be limited to, the following: <ul style="list-style-type: none"> documented provincial infection prevention and control policies, standards and practices; a strategy for monitoring compliance with infection control standards; and a comprehensive hand hygiene strategy. 	Implemented
	Vitalité Health Network						Implemented
	Department of Health						Implemented
Infection Prevention and Control in Hospitals	Horizon Health Network	2015	2	2	147	We recommend the Horizon and Vitalité Health Networks engage sufficient resources for their programs to ensure all zones have access to Infection Prevention and Control Professionals (ICPs), experts and administrative support.	Implemented
	Vitalité Health Network						Implemented
Infection Prevention and Control in Hospitals	Vitalité Health Network	2015	2	2	148	We recommend the Vitalité Health Network require their ICPs obtain specialized training in infection prevention and control.	Implemented

Chapter Name	Department/ Agency	Year	Volume	Chapter	Par.	Recommendation	Self Reported Status
Infection Prevention and Control in Hospitals	Horizon Health Network	2015	2	2	149	We recommend the Horizon and Vitalité Health Networks address the inconsistencies within their respective programs, including but not limited to: <ul style="list-style-type: none"> inconsistencies in ICPs' knowledge of appropriate practices and standards; variations in the ICPs' work in different zones; and inconsistencies with isolation gowns. 	Implemented
	Vitalité Health Network						Implemented
Infection Prevention and Control in Hospitals	Horizon Health Network	2015	2	2	180	We recommend the Horizon and Vitalité Health Networks improve monitoring for compliance with infection prevention and control standards, including the monitoring of routine practices. This should include, but not be limited to, establishing policies and procedures for: <ul style="list-style-type: none"> consistent unbiased hand hygiene auditing of appropriate quantity and including coverage of all areas in the hospitals; auditing jewelry and nails of healthcare workers to ensure compliance with the hand hygiene policy; auditing of linen management, including delivery trucks; auditing of waste management, including all types of waste; and auditing of shared equipment (proper cleaning, storage, etc.). 	Implemented
	Vitalité Health Network						Implemented
Infection Prevention and Control in Hospitals	Horizon Health Network	2015	2	2	202	We recommend the Department of Health and/or the Regional Health Authorities enhance its public reporting on the effectiveness of its infection prevention and control program(s) by reporting on hand hygiene and other infection prevention and control program performance indicators.	Implemented
	Vitalité Health Network						Implemented
	Department of Health						Implemented

Chapter Name	Department/ Agency	Year	Volume	Chapter	Par.	Recommendation	Self Reported Status
Silviculture	Natural Resources (Energy and Resource Development)	2015	2	3	76	We recommend the Department adhere to a regulated and predictable forest management planning cycle and ensure compliance with the <i>Crown Lands and Forests Act</i> by obtaining revised forest management plans from each licensee every five years.	Implemented
Silviculture	Natural Resources (Energy and Resource Development)	2015	2	3	83	We recommend the Department regularly obtain forest management plans for all industrial freehold managed by Crown licensees and compare silviculture levels between licensee freehold and Crown land.	Implemented
Silviculture	Natural Resources (Energy and Resource Development)	2015	2	3	104	We recommend the Department complete and finalize a silviculture manual with performance standards based on best practices.	Implemented
Silviculture	Natural Resources (Energy and Resource Development)	2015	2	3	105	We recommend the Department enforce adherence to forest management standards and make amendments and exceptions only in light of new scientific knowledge and analysis of the effect of past treatments.	Implemented
Silviculture	Natural Resources (Energy and Resource Development)	2015	2	3	106	We recommend the area of Crown forest, subject to clear cut harvest, be reduced in favor of non clearcut harvest treatments as per the updated forest management strategy "A Strategy for Crown Lands Forest Management Putting our Resources to Work".	Not Implemented
Silviculture	Natural Resources (Energy and Resource Development)	2015	2	3	118	We recommend the Department continue with the silviculture annual monitoring program and apply consistent controls on silviculture services acquired.	Implemented
Silviculture	Natural Resources (Energy and Resource Development)	2015	2	3	122	We recommend the Department complete licensee performance evaluations every five years per the <i>Crown Lands and Forests Act</i> .	Implemented
Silviculture	Natural Resources (Energy and Resource Development)	2015	2	3	123	We recommend evaluation data be verified by the Department for completeness and accuracy.	Implemented

Chapter Name	Department/ Agency	Year	Volume	Chapter	Par.	Recommendation	Self Reported Status
Silviculture	Natural Resources (Energy and Resource Development)	2015	2	3	131	We recommend the Department monitor the results of silviculture treatments over time and hold licensees accountable through performance based measures.	Implemented
Silviculture	Natural Resources (Energy and Resource Development)	2015	2	3	132	We recommend information self-reported by licensees be verified for completeness and accuracy.	Implemented
Silviculture	Natural Resources (Energy and Resource Development)	2015	2	3	142	We recommend the Department regularly report to the Legislative Assembly and the public on the status of New Brunswick's forest and its management.	Not Implemented
Silviculture	Natural Resources (Energy and Resource Development)	2015	2	3	143	We recommend pending the development and issuance of a consolidated "State of the Forest" report by the Department, the most recent forest management plans for all Crown licenses be made available to the Legislative Assembly and the public.	Implemented
Silviculture	Natural Resources (Energy and Resource Development)	2015	2	3	158	We recommend the Department include the use of an economic payback model when analyzing resource allocations for silviculture program activities.	Implemented
Silviculture	Natural Resources (Energy and Resource Development)	2015	2	3	159	We recommend the Department implement a previous recommendation made by the Select Committee on Wood Supply to commit to, on a five year basis, the level of silviculture funding deemed appropriate to achieve stated timber and non-timber objectives.	Not Implemented
Silviculture	Natural Resources (Energy and Resource Development)	2015	2	3	163	We recommend the Department, in consultation with the Office of the Comptroller, calculate and record the value of the Crown timber asset in the Department's annual report and adjust this valuation to reflect harvest, silviculture and other changes. This valuation will quantify the impact of their management decisions.	Not Implemented

Chapter Name	Department/ Agency	Year	Volume	Chapter	Par.	Recommendation	Self Reported Status
Silviculture	Natural Resources (Energy and Resource Development)	2015	2	3	167	We recommend the Department include long-term regeneration needs of the Crown forest and harvest trends to support distribution of silviculture funding.	Implemented
Silviculture	Natural Resources (Energy and Resource Development)	2015	2	3	181	We recommend the Department regularly benchmark silviculture rates from other jurisdictions in addition to using the costing model.	Implemented
Silviculture	Natural Resources (Energy and Resource Development)	2015	2	3	182	We recommend the Department require licensees to provide a reconciliation of actual costs incurred for silviculture services provided on Crown land against fees paid and that cost efficiencies realized be proportioned between the Crown and licensee.	Implemented
Silviculture	Natural Resources (Energy and Resource Development)	2015	2	3	194	We recommend the standard reporting package prepared by the Forest Products Marketing Board include reconciliation between the audited financial statements and the schedule of silviculture funding and related costs.	Implemented
Silviculture	Natural Resources (Energy and Resource Development)	2015	2	3	196	We recommend the Department ensure a forest management agreement is signed by all current licensees to ensure compliance with the <i>Crown Lands and Forests Act</i> .	Not Implemented
Silviculture	Natural Resources (Energy and Resource Development)	2015	2	3	206	We recommend the Province adopt a more equitable cost sharing arrangement for silviculture work that recognizes the direct benefits realized by the forestry companies.	Not Implemented

Chapter Name	Department/ Agency	Year	Volume	Chapter	Par.	Recommendation	Self Reported Status
Private Wood Supply	Natural Resources (Energy and Resource Development)	2015	2	4	96	We recommend the Department comply with the <i>Crown Lands and Forests Act</i> and regulations in meeting their responsibilities related to proportional supply and sustained yield. If current principles of proportional supply and sustained yield required under the Act are no longer relevant or applicable, the Department should pursue changes to the Act and regulations in order to facilitate accomplishment of its mandate.	Not Implemented
Private Wood Supply	Natural Resources (Energy and Resource Development)	2015	2	4	105	We recommend the Department establish a policy for sustained yield, set objectives and measurable targets, and monitor and publicly report on its performance in ensuring sustainable yield from private woodlots.	Not Implemented
Private Wood Supply	Natural Resources (Energy and Resource Development)	2015	2	4	113	We recommend the Department implement a single private land silviculture agreement for all marketing boards in order to limit duplication of effort.	Implemented
Private Wood Supply	Natural Resources (Energy and Resource Development)	2015	2	4	124	We recommend the Department set separate goals and objectives against which to measure its success in fulfilling its mandate regarding private woodlots. In addition, we recommend the Department establish goals and objectives for the Private Land Silviculture program to measure the benefits of the program to the Province.	Not Implemented
Private Wood Supply	Natural Resources (Energy and Resource Development)	2015	2	4	128	We recommend the Department publicly report on the goals, objectives, performance targets and actual results of their work and programs in regards to private wood supply. This should include providing explanations for variances between planned and actual performance.	Not Implemented
Private Wood Supply	Natural Resources (Energy and Resource Development)	2015	2	4	149	We recommend the Commission establish member position profiles and criteria against which potential appointees can be evaluated.	Implemented

Chapter Name	Department/ Agency	Year	Volume	Chapter	Par.	Recommendation	Self Reported Status
Private Wood Supply	Natural Resources (Energy and Resource Development)	2015	2	4	154	We recommend the Commission make appointment requests in a manner that effectively staggers member appointments to promote continuity.	Implemented
Private Wood Supply	Natural Resources (Energy and Resource Development)	2015	2	4	159	We recommend the Department review the Commission's mandate and performance to ensure government objectives for the Commission's work are being achieved, and the Commission's role and responsibilities are well communicated and understood.	Implemented
Private Wood Supply	Natural Resources (Energy and Resource Development)	2015	2	4	161	We recommend the Commission review and compare their current governance policies and procedures against the Province's Agencies, Boards, and Commissions appointment policy as well as accepted governance best practices in order to define and implement tools to enhance current Commission practices.	Implemented
Private Wood Supply	Natural Resources (Energy and Resource Development)	2015	2	4	169	We recommend the Commission complete its strategic plan to reflect its mandate under legislation and articulate its strategic priorities.	Not Implemented
Private Wood Supply	Natural Resources (Energy and Resource Development)	2015	2	4	175	We recommend the Commission review its current policies and manuals to ensure these accurately and consistently reflect necessary requirements in accordance with accepted financial reporting standards. We further recommend current copies of these documents be provided to marketing boards.	Implemented
Private Wood Supply	Natural Resources (Energy and Resource Development)	2015	2	4	193	We recommend the Commission evaluate its reporting requirements from marketing boards to ensure that what is being requested provides the benefits intended. We further recommend the Commission enforce its Orders to ensure marketing board compliance with regulation.	Implemented

Chapter Name	Department/ Agency	Year	Volume	Chapter	Par.	Recommendation	Self Reported Status
Private Wood Supply	Natural Resources (Energy and Resource Development)	2015	2	4	205	We recommend the Department and Commission document how financial reviews of marketing boards will be undertaken, assign personnel with the appropriate background and expertise to do the analysis, and report on the results of this analysis with recommendations, if required.	Implemented
Private Wood Supply	Natural Resources (Energy and Resource Development)	2015	2	4	219	We recommend the Commission require Marketing Boards to provide them with a signed agreement between the Marketing Board and its associated agent(s) that defines the nature of the agent relationship and the roles and responsibilities of each party as they pertain to the mandate of the Marketing Board.	Implemented
Private Wood Supply	Natural Resources (Energy and Resource Development)	2015	2	4	224	We recommend the Commission undertake regular meetings with the marketing boards, individually or in a group setting as required, and attend random district meetings to identify and act on areas of concern.	Implemented
Private Wood Supply	Natural Resources (Energy and Resource Development)	2015	2	4	226	We recommend the Commission document a framework, proactively identifying and addressing areas of risk in marketing board governance, to ensure that marketing boards operate as intended by legislation.	Implemented
Private Wood Supply	Natural Resources (Energy and Resource Development)	2015	2	4	234	We recommend the Commission establish and document an administrative process for the use of its investigative powers and formalize a series of escalating enforcement measures/mechanisms to be used in cases of non-compliance with Orders, regulations and policy directives.	Implemented

Chapter Name	Department/ Agency	Year	Volume	Chapter	Par.	Recommendation	Self Reported Status
Private Wood Supply	Natural Resources (Energy and Resource Development)	2015	2	4	237	We recommend the Department and the Commission jointly reviews the Commission's mandate and structure and make the changes required to ensure the Commission can effectively perform its legislated mandate.	Implemented
Private Wood Supply	Natural Resources (Energy and Resource Development)	2015	2	4	241	We recommend the Commission establish performance targets for its own oversight work and for marketing boards against which the Commission can evaluate marketing board performance in critical areas. We further recommend the Commission report on the effectiveness of both its own work and marketing board operations against the predetermined targets.	Implemented
Public Debt	Finance and Treasury Board	2015	4	2	80	We recommend the Department develop a comprehensive debt management strategy and have it approved by Cabinet.	Not Implemented
Public Debt	Finance and Treasury Board	2015	4	2	94	We recommend the Department establish the Province's risk tolerance in terms of an acceptable dollar variation from the budget of servicing public debt due to financial markets movement.	Not Implemented
Public Debt	Finance and Treasury Board	2015	4	2	95	We recommend the Department form a risk committee independent of the Treasury Division to review and approve all risk management related policies.	Implemented
Public Debt	Finance and Treasury Board	2015	4	2	109	We recommend the Department regularly conduct a full stress test of its debt portfolio on the basis of the economic and financial shocks to which the Province is potentially exposed.	Implemented
Public Debt	Finance and Treasury Board	2015	4	2	123	We recommend the Department clearly state in its borrowing policies which debt products may be issued by the Province and which may not.	Implemented
Public Debt	Finance and Treasury Board	2015	4	2	129	We recommend the Department document in its policy the limits and authorities for all levels of staff who can undertake borrowing and investing related transactions.	Implemented

Chapter Name	Department/ Agency	Year	Volume	Chapter	Par.	Recommendation	Self Reported Status
Public Debt	Finance and Treasury Board	2015	4	2	139	We recommend the Department publicly report the government's debt management objectives, guidelines, and strategies, as well as medium-term financing needs and targets, in terms of debt composition, average maturity, and other indicators.	Not Implemented
Public Debt	Finance and Treasury Board	2015	4	2	145	We recommend the Department provide the public with information on the projected future performance of the Province's debt portfolio, including its cost of debt.	Not Implemented
Centennial Building	Transportation and Infrastructure	2015	4	3	57	To facilitate a government decision on the future of the Centennial Building, we recommend the Department present government with an updated cost analysis of potential options for the facility, including the "do nothing" option.	Implemented
Centennial Building	Transportation and Infrastructure	2015	4	3	58	We also recommend the Department implement a moratorium on new modifications, fit-ups and new occupants in the Centennial Building until a decision on its future has been made.	Implemented
Centennial Building	Transportation and Infrastructure	2015	4	3	59	We further recommend the Department proceed immediately to implement government's chosen option for the facility.	Implemented
Centennial Building	Transportation and Infrastructure	2015	4	3	60	We recommend one central authority within government be assigned control over the provision and management of all government office space, with the mandate and authority to fully enforce office space allocation and acquisition policies.	Implemented
Centennial Building	Transportation and Infrastructure	2015	4	3	61	We recommend, for future infrastructure projects, the Department request comprehensive approval from government, including any removal from service, disposal and or demolition of surplus infrastructure rather than having a piecemeal approval process not supported by the original business case.	Implemented

Chapter Name	Department/ Agency	Year	Volume	Chapter	Par.	Recommendation	Self Reported Status
Nursing Homes	Social Development	2016	1	2	33	We recommend the Department of Social Development evaluate whether there is an economic benefit to providing nursing home beds under the public-private model versus the traditional model.	Implemented
Nursing Homes	Social Development	2016	1	2	70	We recommend the Department of Social Development, in consultation with the Department of Health, develop a comprehensive long term plan to ensure the Province can continue to provide sustainable services to New Brunswick seniors.	Implemented
Nursing Homes	Social Development	2016	1	2	71	We also recommend the Department report publicly on the measures and outcomes of current and future initiatives as part of the comprehensive long term plan.	Implemented
Public Trustee Services	Legal Aid Services Commission	2016	1	3	39	We recommend the Public Trustee develop comprehensive policies and procedures for trust officers to assist trust officers in their work, to help in training new trust officers, and to ensure consistency of client files.	Implemented
Public Trustee Services	Legal Aid Services Commission	2016	1	3	40	We recommend the Public Trustee amend and implement the investment policy for client funds.	Implemented
Public Trustee Services	Legal Aid Services Commission	2016	1	3	41	We recommend the Public Trustee upgrade or replace its current case management information system in order to meet user needs.	Not Implemented
Public Trustee Services	Legal Aid Services Commission	2016	1	3	42	We recommend the Public Trustee review its insurance coverage to ensure client assets are adequately insured.	Implemented
Public Trustee Services	Legal Aid Services Commission	2016	1	3	43	We recommend the Public Trustee implement regular supervisory review of client files.	Implemented
Public Trustee Services	Legal Aid Services Commission	2016	1	3	44	We recommend the Public Trustee implement an internal audit function.	Not Implemented
Public Trustee Services	Legal Aid Services Commission	2016	1	3	50	We recommend the Public Trustee ensure guardianship officers sufficiently document the rationale for all personal care and healthcare decisions in the case management system.	Implemented

Chapter Name	Department/ Agency	Year	Volume	Chapter	Par.	Recommendation	Self Reported Status
Public Trustee Services	Legal Aid Services Commission	2016	1	3	59	We recommend the Public Trustee establish goals, objectives and measurable targets for its services, measure its performance against the targets and publicly report on its performance.	Not Implemented
Public Trustee Services	Legal Aid Services Commission	2016	1	3	60	We recommend the Public Trustee make available publicly all audited financial statements of Trusts under the Administration of the Public Trustee.	Implemented
Public Trustee Services	Legal Aid Services Commission	2016	1	3	69	We recommend the Public Trustee identify legislation changes needed to address the following, and work with the responsible department to implement them: <ul style="list-style-type: none"> • lack of timeliness in obtaining authority to act as Public Trustee for a client; • loss of authority upon death of a client; • limitations in fees that can be charged to clients; and • administration of unclaimed property. 	Not Implemented
Agricultural Fair Associations	Agriculture, Aquaculture and Fisheries	2016	1	4	55	We recommend the Department of Agriculture, Aquaculture and Fisheries fulfill its legislated mandate under the <i>Agricultural Associations Act</i> . We recommend DAAF develop a strategy to further define its mandate, including a clear definition of its role and responsibilities as well as goals and objectives for its work with agricultural societies and agricultural fair associations.	Implemented
Agricultural Fair Associations	Agriculture, Aquaculture and Fisheries	2016	1	4	56	We recommend, alternatively, if the Department of Agriculture, Aquaculture and Fisheries does not intend to meet its current mandate under the <i>Agricultural Associations Act</i> and regulations, it pursue legislative amendments to the <i>Agricultural Associations Act</i> and regulations. This would define and clarify its commitment to these entities.	Implemented

Chapter Name	Department/ Agency	Year	Volume	Chapter	Par.	Recommendation	Self Reported Status
Agricultural Fair Associations	Agriculture, Aquaculture and Fisheries	2016	1	4	72	We recommend the Department of Agriculture Aquaculture and Fisheries define, communicate, and monitor minimum reporting requirements for all agricultural associations and societies it is required to oversee under the <i>Agricultural Associations Act</i> .	Implemented
Agricultural Fair Associations	Agriculture, Aquaculture and Fisheries	2016	1	4	81	We recommend the Department of Agriculture, Aquaculture and Fisheries distribute funding directly to agricultural fair associations without the assistance of a third-party entity. Accordingly, we recommend DAAF develop and implement a grant allocation process with applicable controls to ensure proper use of public funds.	Implemented
Agricultural Fair Associations	Service New Brunswick	2016	1	4	104	We recommend, at a minimum, Service New Brunswick follow its internal standard and re-assess any agricultural fair association exceeding the 10-year assessment cycle, including Fredericton, Saint John, Miramichi and Queens County associations. We recommend SNB evaluate the eligibility of these organizations for exemption from property tax.	Implemented
Agricultural Fair Associations	Service New Brunswick	2016	1	4	109	We recommend Service New Brunswick develop, document, and implement a standardized process and procedures to evaluate the eligibility of requests for property tax exemptions (tax class 50) and undertake regular monitoring to ensure organizations with exemptions have sustained their eligible status.	Not Implemented
Agricultural Fair Associations	Public Safety (Justice and Public Safety)	2016	1	4	143	We recommend the Department of Public Safety develop a standardized process and implement associated procedures for evaluating initial and ongoing eligibility of agricultural fair associations for licensing under the Charitable Gaming program.	Implemented

Chapter Name	Department/ Agency	Year	Volume	Chapter	Par.	Recommendation	Self Reported Status
Agricultural Fair Associations	Finance	2016	1	4	154	We recommend the Department of Finance request Canada Revenue Agency undertake audits of Agricultural Fair Associations currently exempted from provincial income tax to verify the eligibility status of these organizations.	Implemented
Meat Safety – Food Premises Program	Health	2016	3	2	54	We recommend the Department of Health ensure applicants for food premises licences submit all required documentation and comply with the food premises standards prior to issuing a licence.	Implemented
Meat Safety – Food Premises Program	Health	2016	3	2	65	We recommend the Department of Health implement procedures to identify illegal operators of food premises and then proceed to either license the operator or take enforcement actions to cease their operations. The procedures should be done on a regular basis and the results documented.	Implemented
Meat Safety – Food Premises Program	Health	2016	3	2	66	We recommend the Department of Health review all food premises licences to ensure the class is correct and the proper annual fee is being collected.	Implemented
Meat Safety – Food Premises Program	Health	2016	3	2	69	We recommend the Department of Health fully implement its risk-based inspection strategy by ensuring staff follow the documented <i>Standard Operational Procedures</i> and properly complete a risk assessment, and update it annually, to determine the proper inspection frequency for food premises.	Implemented
Meat Safety – Food Premises Program	Health	2016	3	2	75	We recommend the Department of Health follow the documented Standard Operational Procedures (SOPs) and properly conduct inspections to monitor operators' compliance with the food premises standards.	Implemented
Meat Safety – Food Premises Program	Health	2016	3	2	76	We recommend the Department of Health properly document all inspections by accurately and neatly completing the <i>Food Premises Inspection Form</i> .	Implemented

Chapter Name	Department/ Agency	Year	Volume	Chapter	Par.	Recommendation	Self Reported Status
Meat Safety – Food Premises Program	Health	2016	3	2	77	We recommend the Department of Health perform the required number of routine inspections each year (which is determined by assessing the risk of the food premises).	Implemented
Meat Safety – Food Premises Program	Health	2016	3	2	78	We recommend the Department of Health perform reinspections on a timely basis to ensure violations of the food premises standards have been corrected.	Implemented
Meat Safety – Food Premises Program	Health	2016	3	2	85	As part of recommendation 2.75, we recommend the Department of Health ensure all inspectors wash their hands before beginning their inspection and record all violations on the inspection report.	Implemented
Meat Safety – Food Premises Program	Health	2016	3	2	86	We recommend the Department of Health enhance inspections by checking temperatures, sanitizing solution concentration, food safety training records, etc. and thoroughly reviewing operators' records required by the food premises standards.	Implemented
Meat Safety – Food Premises Program	Health	2016	3	2	87	We recommend the Department of Health encourage consistency between inspectors through such means as: <ul style="list-style-type: none"> • providing refresher training on the SOPs; • monitoring compliance with the SOPs; and • having regular meetings to discuss violations and food premises standards using professional judgment. 	Implemented
Meat Safety – Food Premises Program	Health	2016	3	2	92	We recommend the Department of Health explore the benefits of tracking and monitoring violations of the food premises standards to identify trends and target systematic corrective efforts. (For example, one region could pilot a project where violations are recorded on a spreadsheet and then analyzed to identify trends. If the exercise proves to be beneficial, a provincial system could be implemented.)	Implemented

Chapter Name	Department/ Agency	Year	Volume	Chapter	Par.	Recommendation	Self Reported Status
Meat Safety – Food Premises Program	Health	2016	3	2	95	We recommend the Department of Health ensure proper procedures are consistently followed and documented when revoking a food premises licence.	Implemented
Meat Safety – Food Premises Program	Health	2016	3	2	102	There should be serious ramifications for food premise operators who repeatedly have their licence revoked. We recommend the Department of Health eliminate noncompliance by operators by implementing stronger enforcement actions, such as posting compliance status in premises' window clearly visible to the public, ticketing with fines, graduated licensing fees, etc.	Not Implemented
Meat Safety – Food Premises Program	Health	2016	3	2	110	We recommend the Department of Health enhance its public reporting of compliance with the food premises standards by: <ul style="list-style-type: none"> • posting inspection reports for all food premises, and • posting results of all inspections for the past two years. 	Not Implemented
Meat Safety – Food Premises Program	Health	2016	3	2	114	We recommend the Department of Health establish a standard method (to be used by all regional offices) for maintaining consistent, reliable and useful information for the food premises program including the following: <ul style="list-style-type: none"> • directories of licensed food premises including their class, annual fee, assigned inspector, risk category, etc.; and • information required by the Standard Operational Procedures, such as specific information on food premises relating to their risk assessment, “major” and “critical” violations, “management and employee food safety knowledge”. 	Implemented
Meat Safety – Food Premises Program	Health	2016	3	2	115	The current manual inspection system does not provide information needed by the Department. We recommend the Department of Health explore what other provinces are doing in this regard and automate the inspection system.	Implemented

Chapter Name	Department/ Agency	Year	Volume	Chapter	Par.	Recommendation	Self Reported Status
Meat Safety – Food Premises Program	Health	2016	3	2	125	We recommend the Department of Health implement quality assurance practices to ensure all risk areas covered by the <i>Food Premises Regulation</i> are subject to quality assurance monitoring.	Implemented
Meat Safety – Food Premises Program	Health	2016	3	2	126	We recommend the Department of Health rotate food premises assigned to inspectors at least every four years as required by the <i>Standard Operational Procedures (SOPs)</i> .	Implemented
Meat Safety – Food Premises Program	Health	2016	3	2	127	We recommend the Department of Health calibrate equipment regularly as required by the SOPs.	Implemented
Meat Safety – Food Premises Program	Health	2016	3	2	128	We recommend the Department of Health thoroughly review all of the SOPs to determine if they are practical. Attention should be given to identify SOPs that are not being followed. (In particular, the number of inspection files per inspector to be reviewed by the Regional Director may be excessive.) We further recommend the SOPs be revised as needed.	Implemented
Meat Safety – Food Premises Program	Health	2016	3	2	154	We recommend the Department of Health assess the public health risks related to: <ul style="list-style-type: none"> • uninspected meat; • class 5 operators not having food safety training; • licensing and inspecting abattoirs that are also involved with processing meat (such as making sausage, head cheese, jerky and other smoked products); and • community suppers, and we recommend the Department consider updating its regulations based on their findings. 	Not Implemented
Meat Safety – Food Premises Program	Health	2016	3	2	155	We recommend the Department of Health fully implement the current <i>Food Premises Regulation</i> or amend it to reflect the Department’s present public health policy intentions.	Implemented

Chapter Name	Department/ Agency	Year	Volume	Chapter	Par.	Recommendation	Self Reported Status
Advisory Services Contract	Service New Brunswick	2017	1	2	50	We recommend Service New Brunswick: <ul style="list-style-type: none"> • ensure emergency and urgent exemptions are not used inappropriately by departments to bypass the competitive tendering process; • require that departments provide sufficient rationale and documentation to support requested exemptions; and • maintain a record of why the decision to approve the emergency and urgent exemption was made. 	Implemented
Advisory Services Contract	Social Development	2017	1	2	58	We recommend the Department of Social Development apply a cool down period between the end of existing contracts with potential future proponents to avoid undue influence and conflict of interest.	Implemented
Advisory Services Contract	Social Development	2017	1	2	59	We recommend the Department of Social Development communicate to Service New Brunswick rationale for not following Service New Brunswick procurement procedures and advice.	Implemented
Advisory Services Contract	Social Development	2017	1	2	89	We recommend the Department of Social Development structure contracts containing performance compensation only on actual, measurable results.	Implemented
Advisory Services Contract	Social Development	2017	1	2	94	We recommend the Department of Social Development develop a framework to govern significant aspects of contract management such as procurement, administration, evaluation and reporting.	Implemented
Advisory Services Contract	Social Development	2017	1	2	103	We recommend the Department of Social Development design and develop agreements that provide for performance measurement by including objectives and clear, well defined deliverables.	Implemented

Chapter Name	Department/ Agency	Year	Volume	Chapter	Par.	Recommendation	Self Reported Status
Advisory Services Contract	Social Development	2017	1	2	117	We recommend the Department of Social Development: <ul style="list-style-type: none"> independently evaluate the performance of contractors against well-defined contract goals, objectives and deliverables; and submit written feedback to Service New Brunswick on the contractor's performance for significant contracts. 	Implemented
Advisory Services Contract	Service New Brunswick	2017	1	2	118	We recommend Service New Brunswick require contractor performance reports be submitted by procuring entities for all significant agreements.	Not Implemented
Advisory Services Contract	Social Development	2017	1	2	129	We recommend the Department of Social Development track actual savings as they accumulate over time supported by relevant data.	Implemented
Advisory Services Contract	Social Development	2017	1	2	132	We recommend the Department of Social Development measure and report the impact to quality of client service delivery resulting from implemented performance improvement initiatives.	Implemented
Advisory Services Contract	Service New Brunswick	2017	1	2	146	We recommend Service New Brunswick ensure that service contracts include a 'not to exceed' clause in the amount matching the purchase order value.	Implemented
Advisory Services Contract	Social Development	2017	1	2	169	We recommend the Department of Social Development develop a monitoring strategy for implementation targets, milestones, deliverables, and service quality for significant Departmental initiatives.	Implemented
Advisory Services Contract	Social Development	2017	1	2	180	We recommend the Department of Social Development not include clauses in contracts for consulting services that allow out of scope work to be undertaken.	Implemented
Advisory Services Contract	Social Development	2017	1	2	199	We recommend the Department of Social Development include clear contract terms stipulating billing requirements such as a maximum timeframe for submission of invoices.	Implemented

Chapter Name	Department/ Agency	Year	Volume	Chapter	Par.	Recommendation	Self Reported Status
Advisory Services Contract	Social Development	2017	1	2	228	We recommend the Department of Social Development design and implement controls to ensure: <ul style="list-style-type: none"> • compliance with government policies governing travel expenses (AD-2801) and approval of payments (AD-6402); and • significant contract terms such as billing discounts and caps are adhered to. 	Implemented
Advisory Services Contract	Social Development	2017	1	2	259	We recommend the Department of Social Development not include consultants on procurement evaluation committees if compensation to the consultant is impacted by the procurement award.	Implemented
Climate Change	Environment & Local Government	2017	1	3	41	We recommend the Department propose to Cabinet that Greenhouse Gas emission targets, as specified in its Climate Change Action Plan be legislated, similar to other Canadian provinces.	Implemented
Climate Change	Environment & Local Government	2017	1	3	48	We recommend the Department set specific GHG emission reduction targets for NB Power to ensure the provincial targets set in the Climate Change Action Plan are achievable.	Not Implemented
Climate Change	NB Power	2017	1	3	55	We recommend NB Power: <ul style="list-style-type: none"> • perform a comprehensive analysis on the potential impact of phase-out of Belledune Generating Station; • consult with the Department of Environment and Local Government on a proposed solution regarding the Belledune Generating Station; and • integrate the Belledune Generating Station phase-out analysis in its Integrated Resource Plan process to ensure it has the capacity to meet New Brunswick's future electricity requirements, while respecting energy efficiency and demand reduction programs. 	Implemented

Chapter Name	Department/ Agency	Year	Volume	Chapter	Par.	Recommendation	Self Reported Status
Climate Change	Environment & Local Government	2017	1	3	63	We recommend the Department finalize an implementation plan that describes: <ul style="list-style-type: none"> • how and when the actions identified in the Climate Change Action Plan will be implemented; and • how the Department intends to monitor and report on the progress. 	Not Implemented
Climate Change	Environment & Local Government	2017	1	3	108	We recommend the Department develop a provincial climate change risk assessment. The assessment should include: <ul style="list-style-type: none"> • Risk identification; • Risk analysis; • Risk evaluation; • Risk treatment and adaptation measures; and • Implementation plan and monitoring. 	Not Implemented
Climate Change	NB Power	2017	1	3	120	We recommend NB Power conduct a corporate level climate change vulnerability assessment.	Implemented
Climate Change	NB Power	2017	1	3	121	We recommend NB Power develop an implementation plan for adapting to climate change after the completion of its vulnerability assessment.	Not Implemented
Climate Change	Environment & Local Government	2017	1	3	134	We recommend the Department update the CCAP Progress Tracking System to reflect the changes in the most current Climate Change Action Plan.	Implemented
Financial Assistance to Atcon: Unanswered Questions	Opportunities NB	2017	2	2	80	We recommend, for performance bonds or funds placed in trust, Opportunities NB structure the release of such funds such that sufficient supporting documentation is obtained and reviewed for authenticity and legitimacy prior to authorizing the disbursement of funds.	Implemented

Chapter Name	Department/ Agency	Year	Volume	Chapter	Par.	Recommendation	Self Reported Status
Financial Assistance to Atcon: Unanswered Questions	Opportunities NB	2017	2	2	150	Where the financial assistance requested is significant and is considered high risk, we recommend a clear determination be made and presented to Cabinet as to whether the financial assistance requested is sufficient for the purpose intended.	Implemented
Financial Assistance to Atcon: Unanswered Questions	Opportunities NB	2017	2	2	152	Where the financial assistance requested is significant and is considered high risk, we recommend information presented to Cabinet for decisions on financial assistance should include comparisons to industry standards to assess the health of the company requesting financial assistance.	Implemented
Financial Assistance to Atcon: Unanswered Questions	Opportunities NB	2017	2	2	154	Where the financial assistance requested is significant and is considered high risk, we recommend no financial assistance be granted to a company when significant amounts are outstanding from the shareholders of the company or from affiliated companies. Any exceptions should be rare and well justified.	Implemented
Financial Assistance to Atcon: Unanswered Questions	Opportunities NB	2017	2	2	156	Where the financial assistance requested is significant and is considered high risk, we recommend management and shareholders be required to make a declaration pertaining to dividends, salaries, bonuses (or other) as needed, as part of the application process, such as: <ul style="list-style-type: none"> • Salaries to key executives for the past three to five years; • Salaries, dividends and bonuses to shareholders and family members for the past three to five years; • Transfers to related/associated/affiliated companies in the past three to five years; • Details of shareholder account activity during the past three to five years; and • Details of dividends, share redemptions and changes in share capital in the past three to five years. 	Implemented

Chapter Name	Department/ Agency	Year	Volume	Chapter	Par.	Recommendation	Self Reported Status
Financial Assistance to Atcon: Unanswered Questions	Opportunities NB	2017	2	2	158	Where the financial assistance requested is significant and is considered high risk, we recommend that agreements contain a restriction to require the approval of ONB prior to a dividend or bonus payment.	Implemented
Financial Assistance to Atcon: Unanswered Questions	Opportunities NB	2017	2	2	160	Where the financial assistance requested is significant and is considered high risk, we recommend that statutory declarations made as a condition of financial assistance be verified.	Implemented
Financial Assistance to Atcon: Unanswered Questions	Opportunities NB	2017	2	2	162	Where the Province has personal guarantees as security on financial assistance, we recommend ONB put in place a process whereby, in the event of default by the recipient, personal guarantees are promptly pursued.	Implemented
Financial Assistance to Atcon: Unanswered Questions	Executive Council Office	2017	2	2	164	We recommend the Executive Council Office take responsibility for coordinating the implementation of recommendations in this report by all departments/agencies providing financial assistance to industry.	Implemented
Residential Property Assessment – Special Examination	Service New Brunswick Property Assessment Services	2017	3	2	42	We recommend Service New Brunswick (Property Assessment Services) follow standard Project Management processes to initiate, plan, execute, control and oversee the work of project teams to achieve specific goals and meet specific success criteria.	Implemented
Residential Property Assessment – Special Examination	Service New Brunswick Property Assessment Services	2017	3	2	43	We recommend Service New Brunswick (Property Assessment Services) require proponents of projects to develop a detailed business case for each project in order to demonstrate its expected value.	Implemented
Residential Property Assessment – Special Examination	Service New Brunswick Property Assessment Services	2017	3	2	44	We recommend Service New Brunswick (Property Assessment Services) consult with the Project Management Branch in managing major projects.	Implemented
Residential Property Assessment – Special Examination	Service New Brunswick Property Assessment Services	2017	3	2	45	We recommend Service New Brunswick (Property Assessment Services) conduct lessons-learned analysis subsequent to implementing new technology and incorporate lessons learned.	Implemented

Chapter Name	Department/ Agency	Year	Volume	Chapter	Par.	Recommendation	Self Reported Status
Residential Property Assessment – Special Examination	Service New Brunswick Executive Management	2017	3	2	72	We recommend Service New Brunswick executive management ensure key risks associated with project proposals are clearly highlighted within the information presented to the Board for approval.	Implemented
Residential Property Assessment – Special Examination	Service New Brunswick Board of Directors	2017	3	2	73	We recommend the Service New Brunswick Board of Directors apply an appropriate level of scrutiny to highrisk project proposals as identified in the corporate risk register.	Implemented
Residential Property Assessment – Special Examination	Service New Brunswick Property Assessment Services	2017	3	2	79	We recommend Service New Brunswick (Property Assessment Services) prioritize its efforts to validate Gross Living Area data on the more complicated types of building.	Implemented
Residential Property Assessment – Special Examination	Service New Brunswick Property Assessment Services	2017	3	2	82	We recommend Service New Brunswick (Property Assessment Services) utilize aerial photography as a tool to improve, augment or verify data, not as the authoritative record.	Implemented
Residential Property Assessment – Special Examination	Service New Brunswick Property Assessment Services	2017	3	2	86	We recommend Service New Brunswick (Property Assessment Services) adequately resource future mass appraisal model development and implementation.	Not Implemented
Residential Property Assessment – Special Examination	Service New Brunswick Property Assessment Services	2017	3	2	88	We recommend Service New Brunswick (Property Assessment Services) require peer review for quality assurance when developing new mass appraisal models.	Not Implemented
Residential Property Assessment – Special Examination	Service New Brunswick Property Assessment Services	2017	3	2	91	We recommend Service New Brunswick (Property Assessment Services) regularly review the extent to which each property data element has an impact on property value and the benefit of collecting, maintaining and using such data in all future mass appraisal model development.	Not Implemented
Residential Property Assessment – Special Examination	Service New Brunswick Property Assessment Services	2017	3	2	92	We recommend Service New Brunswick (Property Assessment Services) capture the quality and condition of properties and properly analyze their impact on property value.	Not Implemented

Chapter Name	Department/ Agency	Year	Volume	Chapter	Par.	Recommendation	Self Reported Status
Residential Property Assessment – Special Examination	Service New Brunswick Property Assessment Services	2017	3	2	95	We recommend Service New Brunswick (Property Assessment Services) develop and document a formal definition of an error in property assessment.	Implemented
Residential Property Assessment – Special Examination	Service New Brunswick Property Assessment Services	2017	3	2	109	We recommend Service New Brunswick (Property Assessment Services) identify, correct, track, and publicly report on errors.	Not Implemented
Residential Property Assessment – Special Examination	Service New Brunswick Property Assessment Services	2017	3	2	110	We recommend Service New Brunswick (Property Assessment Services): <ul style="list-style-type: none"> • conduct exploratory analysis on existing property data elements to determine completeness, accuracy and consistency; and • formalize and implement a process to monitor the integrity of data. 	Not Implemented
Residential Property Assessment – Special Examination	Service New Brunswick Property Assessment Services	2017	3	2	120	We recommend Service New Brunswick (Property Assessment Services) establish a Quality Assurance functional unit. The unit should: <ul style="list-style-type: none"> • report to the Executive Director to maintain independence, avoid any potential conflict of interest, and ensure key information is provided; • monitor and report on the quality of project management; and • undertake a province-wide program to improve property data quality, with consistent training, tools, and standards in all regions. 	Not Implemented
Residential Property Assessment – Special Examination	Service New Brunswick Property Assessment Services	2017	3	2	132	We recommend Service New Brunswick (Property Assessment Services) enhance quality assurance by: <ul style="list-style-type: none"> • developing parameters, policies and procedures for exception reports; and • ensuring exception reports are properly followed up. 	Not Implemented

Chapter Name	Department/ Agency	Year	Volume	Chapter	Par.	Recommendation	Self Reported Status
Residential Property Assessment – Special Examination	Service New Brunswick Property Assessment Services	2017	3	2	133	We recommend Service New Brunswick (Property Assessment Services) discontinue the practice of relying on property owner Requests for Review as a means of quality assurance.	Implemented
Residential Property Assessment – Special Examination	Department of Finance	2017	3	2	139	We recommend the Department of Finance propose to Cabinet that Finance assume responsibility for the administration of all: <ul style="list-style-type: none"> • property tax policy changes; and • property tax benefit and relief programs. 	Implemented
Residential Property Assessment – Special Examination	Service New Brunswick Property Assessment Services	2017	3	2	145	We recommend Service New Brunswick (Property Assessment Services) issue annual property assessment notices separate from property tax bills that lists the real and true value of the property and explains clearly why the assessed value has changed from one year to the next.	Implemented
Residential Property Assessment – Special Examination	Finance and Treasury Board	2017	3	2	146	We recommend the Department of Finance issue property tax bills separate from the assessment notice and clearly demonstrate how property taxes are calculated, including all the applicable credits, deductions, and exemptions.	Not Implemented
Residential Property Assessment – Special Examination	Service New Brunswick Property Assessment Services	2017	3	2	150	We recommend Service New Brunswick (Property Assessment Services) appropriately engage staff throughout the organization in the development and implementation of major high risk change initiatives.	Implemented
Residential Property Assessment – Special Examination	Service New Brunswick Executive Director	2017	3	2	155	We recommend Service New Brunswick ensure the Executive Director of Assessment: <ul style="list-style-type: none"> • has adequate time to fulfill his or her statutory obligation; and • encourages group cohesion between the units within Property Assessment Services. 	Not Implemented

Chapter Name	Department/ Agency	Year	Volume	Chapter	Par.	Recommendation	Self Reported Status
Residential Property Assessment – Special Examination	Service New Brunswick Board of Directors	2017	3	2	156	<p>To ensure the necessary independence to fulfill the Executive Director’s statutory obligations, we recommend:</p> <ul style="list-style-type: none"> • Service New Brunswick Board of Directors require the Executive Director of Property Assessment Services report directly and independently to the Board; • Service New Brunswick Board of Directors have authority for hiring and termination of Executive Director upon recommendation from the CEO; and • Performance appraisal and other administrative matters rest with SNB senior management as determined by the CEO. 	Implemented
Residential Property Assessment – Special Examination	Executive Council Office	2017	3	2	157	We recommend Executive Council Office provide Service New Brunswick’s Executive Director of Property Assessment Services full discretion to communicate independently as needed with the public.	Implemented
School District Purchase Cards	ASD-West	2017	5	2	36	We recommend school districts use the cardholder agreement in government policy AD-6405 Purchase Card and have cardholders sign the agreement before obtaining their purchase card and annually as required by the new policy.	Implemented
	ASD-North						Implemented
	ASD-East						Implemented
	ASD-South						Implemented
	DSF-Sud						Implemented
	DSF-Nord Est						Implemented
	DSF-Nord Ouest						Implemented
School District Purchase Cards	Finance and Treasury Board	2017	5	2	39	We recommend Treasury Board issue guidance for the application of government policy AD-2801 Travel Policy in regards to business meeting expenses.	Not Implemented

Chapter Name	Department/ Agency	Year	Volume	Chapter	Par.	Recommendation	Self Reported Status
School District Purchase Cards	ASD-West	2017	5	2	43	We recommend school districts use purchase cards only for purchases that are authorized under government policies.	Implemented
	ASD-North						Implemented
	ASD-East						Implemented
	ASD-South						Implemented
	DSF-Sud						Implemented
	DSF-Nord Est						Implemented
	DSF-Nord Owest						Implemented
School District Purchase Cards	Finance and Treasury Board	2017	5	2	47	We recommend the Office of the Comptroller issue guidance for making online purchases, including the risks associated with online shopping and security precautions that should be taken.	Not Implemented
School District Purchase Cards	ASD-West	2017	5	2	49	We recommend school districts monitor and enforce adherence to guidelines in the cardholder agreement and policy AD-6405 Purchase Card.	Implemented
	ASD-North						Implemented
	ASD-East						Implemented
	ASD-South						Implemented
	DSF-Sud						Implemented
	DSF-Nord Est						Implemented
	DSF-Nord Owest						Implemented
School District Purchase Cards	ASD-West	2017	5	2	53	We recommend school districts provide education to cardholders on their responsibilities, the appropriate use of purchase cards, consequences for misuse, as well as transaction reconciliation procedures, before new cardholders begin to use their card and regularly for all cardholders.	Implemented
	ASD-North						Implemented
	ASD-East						Implemented
	ASD-South						Implemented
	DSF-Sud						Implemented
	DSF-Nord Est						Not Implemented
	DSF-Nord Owest						Implemented
School District Purchase Cards	ASD-West	2017	5	2	54	We recommend school districts provide training to purchase card administrators and transaction approvers on the appropriate use of purchase cards and enforcement procedures.	Implemented
	ASD-North						Implemented
	ASD-East						Implemented
	ASD-South						Implemented
	DSF-Sud						Implemented
	DSF-Nord Est						Not Implemented
	DSF-Nord Owest						Implemented

Chapter Name	Department/ Agency	Year	Volume	Chapter	Par.	Recommendation	Self Reported Status
School District Purchase Cards	ASD-West	2017	5	2	60	We recommend school districts segregate incompatible user responsibilities and system accesses as required by government policies AD-6402 Approval of Payments and AD-6405 Purchase Card.	Implemented
	ASD-North						Implemented
	ASD-East						Implemented
	ASD-South						Implemented
	DSF-Sud						Implemented
	DSF-Nord Est						Implemented
	DSF-Nord Ouest						Implemented
School District Purchase Cards	ASD-West	2017	5	2	65	We recommend school districts ensure sufficient documentation in support of purchase card transactions be provided by the cardholder, reviewed against applicable policies and guidelines and filed for future reference.	Implemented
	ASD-North						Implemented
	ASD-East						Implemented
	ASD-South						Implemented
	DSF-Sud						Implemented
	DSF-Nord Est						Implemented
	DSF-Nord Ouest						Implemented
School District Purchase Cards	ASD-West	2017	5	2	69	We recommend school districts monitor and enforce compliance with the provisions of the cardholder agreement in relation to timely submission of supporting documentation.	Implemented
	ASD-North						Implemented
	ASD-East						Implemented
	ASD-South						Implemented
	DSF-Sud						Not Implemented
	DSF-Nord Est						Implemented
School District Purchase Cards	ASD-West	2017	5	2	72	We recommend school districts review account coding and the amount of sales tax for each transaction entered into the financial system in order to provide accurate financial information.	Implemented
	ASD-North						Implemented
	ASD-East						Implemented
	ASD-South						Implemented
	DSF-Sud						Implemented
	DSF-Nord Est						Implemented
	DSF-Nord Ouest						Implemented
School District Purchase Cards	ASD-West	2017	5	2	85	We recommend school districts review cardholder listings regularly to ensure only active employees who purchase for the school districts have the appropriate type of purchase card with transaction and monthly limits that meet their purchasing needs.	Implemented
	ASD-North						Implemented
	ASD-East						Implemented
	ASD-South						Implemented
	DSF-Sud						Implemented
	DSF-Nord Est						Implemented
	DSF-Nord Ouest						Implemented

Chapter Name	Department/ Agency	Year	Volume	Chapter	Par.	Recommendation	Self Reported Status
School District Purchase Cards	ASD-West	2017	5	2	86	We recommend school districts add a formal step in the termination process in order to ensure departing employees' cards are cancelled before their employment with the district ends.	Not Implemented
	ASD-North						Implemented
	ASD-East						Implemented
	ASD-South						Implemented
	DSF-Sud						Not Implemented
	DSF-Nord Est						Not Implemented
	DSF-Nord Ouest						Implemented
School District Purchase Cards	ASD-West	2017	5	2	87	We recommend school districts develop, document and implement procedures for the issuance and cancellation of purchase cards in consultation with the other school districts, with guidance from the Office of the Comptroller as needed, to ensure consistency and efficiency.	Not Implemented
	ASD-North						Implemented
	ASD-East						Implemented
	ASD-South						Implemented
	DSF-Sud						Implemented
	DSF-Nord Est						Not Implemented
	DSF-Nord Ouest						Implemented
School District Purchase Cards	ASD-West	2017	5	2	95	We recommend school districts document their regular monitoring of purchase card transactions to identify violations.	Implemented
	ASD-North						Implemented
	ASD-East						Implemented
	ASD-South						Implemented
	DSF-Sud						Implemented
	DSF-Nord Est						Implemented
	DSF-Nord Ouest						Implemented
School District Purchase Cards	ASD-West	2017	5	2	96	We recommend school districts develop, document and implement consistent enforcement procedures for non-compliant cardholders to enforce guidelines in consultation with the other school districts, with guidance from the Office of the Comptroller as needed, to ensure consistency and efficiency.	Implemented
	ASD-North						Implemented
	ASD-East						Implemented
	ASD-South						Implemented
	DSF-Sud						Implemented
	DSF-Nord Est						Not Implemented
	DSF-Nord Ouest						Implemented

Chapter Name	Department/ Agency	Year	Volume	Chapter	Par.	Recommendation	Self Reported Status
School District Purchase Cards	Education and Early Childhood Development	2017	5	2	97	We recommend the Department of Education and Early Childhood Development coordinate work on the implementation of our recommendations by all school districts.	Implemented
School District Purchase Cards	Education and Early Childhood Development	2017	5	2	98	We recommend the Department of Education and Early Childhood Development's internal audit function audit and report on school district purchase cards on a regular basis.	Implemented
WorkSafeNB Phase I – Governance	Post-Secondary Education, Training and Labour	2018	1	2	61	We recommend the Department of Post-Secondary Education, Training and Labour: <ul style="list-style-type: none"> • initiate a process to ensure appointments are completed in a timely manner; • comply with provincial legislation and government policy when recommending the appointment of board members under the Act; and • clearly document the appointment process and provide clear rationale for appointment recommendations made to government. 	*

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Chapter Name	Department/ Agency	Year	Volume	Chapter	Par.	Recommendation	Self Reported Status
WorkSafeNB Phase I – Governance	Post- Secondary Education, Training and Labour	2018	1	2	66	We recommend the Department of Post-Secondary Education, Training and Labour ensure future recommendations to government for WorkSafeNB appointments do not create a conflict of interest or result in reduced independence of the corporation.	*
WorkSafeNB Phase I – Governance	Executive Council Office and the	2018	1	2	83	We recommend the Executive Council Office and the Department of Post-Secondary Education, Training and Labour co-ordinate their efforts to provide timely decisions for future WorkSafeNB appointments.	*
	Post- Secondary Education, Training and Labour						*
WorkSafeNB Phase I – Governance	Post- Secondary Education, Training and Labour	2018	1	2	90	We recommend the Department of Post-Secondary Education, Training and Labour clearly state its requirements and expectations in the mandate letter.	*
WorkSafeNB Phase I – Governance	Post- Secondary Education, Training and Labour	2018	1	2	98	We recommend the Department of Post-Secondary Education, Training and Labour comply with the requirements of the <i>Accountability and Continuous Improvement Act</i> by: <ul style="list-style-type: none"> • issuing mandate letters annually; and • enforcing WorkSafeNB submission of annual plan per requirements of the Act. 	*
WorkSafeNB Phase I – Governance	Post- Secondary Education, Training and Labour	2018	1	2	103	We recommend the Department of Post-Secondary Education, Training and Labour monitor and publicly report on the progress of WorkSafeNB in meeting the requirements and expectations provided in Department mandate letters.	*

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Chapter Name	Department/ Agency	Year	Volume	Chapter	Par.	Recommendation	Self Reported Status
WorkSafeNB Phase I – Governance	WorkSafeNB Board of Directors	2018	1	2	124	<p>We recommend the WorkSafeNB board of directors review its committee structures and practices to:</p> <ul style="list-style-type: none"> • select participating board members to chair committees; • ensure per diem payments are made only to committee members for committee meetings; • ensure membership is aligned with board needs and competencies are sufficient to address committee requirements; • develop and implement competencies for committee membership; and • develop and implement a plan to evaluate committee performance on an annual basis. 	*
WorkSafeNB Phase I – Governance	WorkSafeNB Board of Directors	2018	1	2	131	<p>We recommend the WorkSafeNB board of directors and the Department of Post-Secondary Education, Training and Labour jointly develop, document and implement a succession strategy to ensure:</p> <ul style="list-style-type: none"> • timely recruitment of all board positions, including the chair and vice-chair and, • effective staggering of board member terms. 	*
	Post- Secondary Education, Training and Labour					<ul style="list-style-type: none"> • timely recruitment of all board positions, including the chair and vice-chair and, • effective staggering of board member terms. 	*
WorkSafeNB Phase I – Governance	WorkSafeNB Board of Directors	2018	1	2	132	<p>We recommend the WorkSafeNB board of directors develop, document and implement a succession strategy for the President and Chief Executive Officer position.</p>	*

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Chapter Name	Department/ Agency	Year	Volume	Chapter	Par.	Recommendation	Self Reported Status
WorkSafeNB Phase I – Governance	WorkSafeNB Board of Directors	2018	1	2	137	We recommend the WorkSafeNB board of directors fully develop, regularly update and utilize a board competency matrix for, at a minimum: <ul style="list-style-type: none"> • evaluating board member development requirements; • identifying development opportunities for board members; and • recruiting new board members to address competency and skillset needs. 	*
WorkSafeNB Phase I – Governance	WorkSafeNB Board of Directors	2018	1	2	141	We recommend the WorkSafeNB board of directors develop performance expectations for board positions and undertake annual performance evaluations for at least the board chair.	*
WorkSafeNB Phase I – Governance	WorkSafeNB	2018	1	2	147	We recommend WorkSafeNB provide board information packages well in advance of board meetings and focus information presented to meet the board's decision-making requirements using documentation such as executive summaries.	*
WorkSafeNB Phase I – Governance	WorkSafeNB Board of Directors	2018	1	2	150	We recommend the WorkSafeNB board of directors develop, document and implement an orientation program for new board members and a development plan for all board members.	*

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WorkSafeNB Phase I – Governance	WorkSafeNB	2018	1	2	160	<p>We recommend WorkSafeNB, as part of its annual planning and reporting processes:</p> <ul style="list-style-type: none"> • fully develop long-term strategic goals and objectives and define measurable targets for all key performance indicators; • include the strategic requirements of the government mandate letter as part of its strategic planning process; • develop an operational action plan designed to implement the long-term strategic direction of the corporation; and • submit an annual plan to the Department focused on goals and objectives it intends to complete over the period of the plan, as required under the <i>Accountability and Continuous Improvement Act</i>. 	*
WorkSafeNB Phase I – Governance	WorkSafeNB Board of Directors	2018	1	2	167	<p>We recommend the WorkSafeNB board of directors:</p> <ul style="list-style-type: none"> • establish a CEO performance agreement that ties CEO performance to the corporation's strategy and results; and • conduct an annual CEO performance evaluation against the documented expectations. 	*
WorkSafeNB Phase I – Governance	WorkSafeNB	2018	1	2	186	<p>We recommend WorkSafeNB:</p> <ul style="list-style-type: none"> • include comparable New Brunswick public sector entities when undertaking compensation market comparisons in order to meet mandate letter requirements; and • maintain clearly documented rationale for decisions not in alignment with the Department's mandate letters. 	*

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Chapter Name	Department/ Agency	Year	Volume	Chapter	Par.	Recommendation	Self Reported Status
WorkSafeNB Phase I – Governance	WorkSafeNB Board of Directors	2018	1	2	207	We recommend the WorkSafeNB board of directors ensure current travel expense policy is enforced and revise it to: <ul style="list-style-type: none"> clearly define acceptable board and employee travel expense practices; and align with public service Part I policy where applicable to board and employee travel. 	*
WorkSafeNB Phase I – Governance	WorkSafeNB	2018	1	2	210	We recommend WorkSafeNB provide full public disclosure of board and executive compensation and expense information.	*
Addiction and Mental Health Services in Provincial Adult Correctional Institutions	Health	2018	1	3	58	We recommend the Department of Health provide clear direction through legislation and regulation as to who is responsible for health services including addiction and mental health services in provincial correctional institutions.	*
Addiction and Mental Health Services in Provincial Adult Correctional Institutions	Health	2018	1	3	67	We recommend the Department of Health, in consultation with the Department of Justice and Public Safety and other relevant parties, complete an integrated service delivery model for addictions and mental health services in New Brunswick correctional institutions. Existing agreements should be redrafted to meet the requirements of this service delivery model.	*
	Justice and Public Safety						*

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Addiction and Mental Health Services in Provincial Adult Correctional Institutions	Health	2018	1	3	72	We recommend the Department of Health and the Department of Justice and Public Safety collaborate to capture and share addiction and mental health data. This data should be used to identify addiction and mental health needs in New Brunswick correctional institutions and develop strategic service delivery plans.	*
	Justice and Public Safety						*
Addiction and Mental Health Services in Provincial Adult Correctional Institutions	Justice and Public Safety (New Brunswick Corrections)	2018	1	3	84	We recommend the Department of Justice and Public Safety (New Brunswick Corrections) in consultation with the Department of Health implement a recognized mental health screening tool in the admissions process.	*
Addiction and Mental Health Services in Provincial Adult Correctional Institutions	Health	2018	1	3	90	We recommend the Department of Health, in coordination with the Department of Justice and Public Safety, provide training on mental health screening to nursing staff and admission officers.	*
	Justice and Public Safety						*

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Addiction and Mental Health Services in Provincial Adult Correctional Institutions	Health	2018	1	3	93	We recommend the Department of Health ensure nursing staff within a correctional institution receive access to, or notification of, client records in the Client Service Delivery System (CSDS). This will allow validation of treatment history and treatment options.	*
Addiction and Mental Health Services in Provincial Adult Correctional Institutions	Justice and Public Safety	2018	1	3	100	We recommend the Department of Justice and Public Safety amend its admission process to: <ul style="list-style-type: none"> • eliminate duplication of effort in admissions; • improve the quality of inmate mental health data; and • incorporate best practices in mental health screening. 	*
Addiction and Mental Health Services in Provincial Adult Correctional Institutions	Health	2018	1	3	105	We recommend the Department of Health and the Department of Justice and Public Safety ensure inmates flagged from the screening protocol be referred to a qualified mental health professional for a comprehensive mental health assessment to develop a treatment plan.	*
	Justice and Public Safety						*

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Addiction and Mental Health Services in Provincial Adult Correctional Institutions	Health	2018	1	3	117	We recommend the Department of Health and the Department of Justice and Public Safety collaborate to ensure addiction and mental health counselling and therapy treatment options are available for inmates in provincial correctional institutions.	*
	Justice and Public Safety						*
Addiction and Mental Health Services in Provincial Adult Correctional Institutions	Health	2018	1	3	118	We recommend the Department of Health and the Department of Justice and Public Safety use integrated clinical teams for assisting adults in custody, similar to the approach taken in the youth facility.	*
	Justice and Public Safety						*
Addiction and Mental Health Services in Provincial Adult Correctional Institutions	Health	2018	1	3	119	We recommend the Department of Health and the Department of Justice and Public Safety support community based addiction and mental health programs to treat inmates inside the correctional institution due to the logistical and security challenges of bringing inmates to community treatment centres.	*
	Justice and Public Safety						*

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Chapter Name	Department/ Agency	Year	Volume	Chapter	Par.	Recommendation	Self Reported Status
Addiction and Mental Health Services in Provincial Adult Correctional Institutions	Health	2018	1	3	124	We recommend the Department of Health ensure addiction treatment services are made available to inmates in provincial correctional institutions.	*
Addiction and Mental Health Services in Provincial Adult Correctional Institutions	Health	2018	1	3	130	We recommend the Department of Justice and Public Safety and the Department of Health ensure all provincial correctional institutions have continuous access to emergency mental health services.	*
	Justice and Public Safety						*
Addiction and Mental Health Services in Provincial Adult Correctional Institutions	Justice and Public Safety	2018	1	3	134	We recommend the Department of Justice and Public Safety implement a formulary for medications for use within all provincial correctional institutions. Where possible the formulary should be aligned with drug protocols in Federal penitentiaries.	*

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Addiction and Mental Health Services in Provincial Adult Correctional Institutions	Justice and Public Safety	2018	1	3	140	We recommend the Department of Justice and Public Safety implement an individualized protocol approach for inmates with mental health issues in segregation such as is used by Correctional Service Canada. Individualized protocols should be integrated into treatment plans and reviewed by mental health professionals.	*
Addiction and Mental Health Services in Provincial Adult Correctional Institutions	Health	2018	1	3	151	We recommend the Department of Health and the Department of Justice and Public Safety map out all services currently available to clients with addiction and mental health issues who are also involved in the criminal justice system. This information should then be used when developing the integrated service delivery model.	*
	Justice and Public Safety						*
Addiction and Mental Health Services in Provincial Adult Correctional Institutions	Health	2018	1	3	152	We recommend the Department of Health and the Department of Justice and Public Safety develop appropriate protocols to ensure continued services for addiction and mental health clients who are placed in custody in provincial correctional institutions.	*
	Justice and Public Safety						*

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Chapter Name	Department/ Agency	Year	Volume	Chapter	Par.	Recommendation	Self Reported Status
Improving Student Performance: A New Brunswick Challenge	Department of Education and Early Childhood Development	2018	2	2	58	We recommend the Department of Education and Early Childhood Development maintain the current 10-year provincial education plans until they expire in 2026, to allow the education system to stabilize and allow for evaluation of progress. Any adjustments to the plans should be collaborative.	*
Improving Student Performance: A New Brunswick Challenge	Department of Education and Early Childhood Development	2018	2	2	59	We recommend the Department of Education and Early Childhood Development prior to implementing major changes that impact student performance, including changes to the French immersion program, prepare a detailed implementation plan with: <ul style="list-style-type: none"> • a realistic time schedule; • consideration of all supports that need to be in place for the change to be successful, such as human resources, curricula, teacher training, tools and methodologies; • adequate funding; and • a comprehensive risk assessment of the change's impact on operations and other ongoing initiatives at department, school district and school levels as well as risk mitigation strategies. 	*
Improving Student Performance: A New Brunswick Challenge	Department of Education and Early Childhood Development	2018	2	2	91	We recommend the Department of Education and Early Childhood Development stabilize the provincial assessment programs to allow for trend analysis of student performance results for decision making.	*

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Improving Student Performance: A New Brunswick Challenge	Department of Education and Early Childhood Development	2018	2	2	47	We recommend the Department of Education and Early Childhood Development in collaboration with the school districts, analyze results of provincial assessments to identify root causes of poor performance and take corrective action to improve student performance in reading, math and science.	*
Improving Student Performance: A New Brunswick Challenge	Department of Education and Early Childhood Development	2018	2	2	66	We recommend the Department of Education and Early Childhood Development work with school districts, other departments and community-based organizations where applicable to: <ul style="list-style-type: none"> • identify and address the challenges to achieving the provincial targets for reading, math and science; • present to government options to address the challenges; • develop standards for student absence tracking and measurement to better monitor student attendance; and • take corrective action to improve student attendance. 	*
Improving Student Performance: A New Brunswick Challenge	Department of Education and Early Childhood Development	2018	2	2	113	We recommend the Department of Education and Early Childhood Development facilitate the sharing of successes and best practices between the Anglophone and Francophone sectors.	*

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Improving Student Performance: A New Brunswick Challenge	Department of Education and Early Childhood Development	2018	2	2	81	We recommend the Department of Education and Early Childhood Development in collaboration with the school districts: <ul style="list-style-type: none"> • ensure school improvement plans are prepared and reviewed annually as required by the Education Act, • demonstrate school improvement plans align with the provincial education plan, and • monitor the extent to which school improvement goals are being met. 	*
Improving Student Performance: A New Brunswick Challenge	Department of Education and Early Childhood Development	2018	2	2	82	We recommend the Department of Education and Early Childhood Development in collaboration with the District Education Councils, ensure District Education Councils self-evaluate their performance annually.	*
Improving Student Performance: A New Brunswick Challenge	Department of Education and Early Childhood Development	2018	2	2	79	We recommend the Department of Education and Early Childhood Development in consultation with school districts, review the Education Act in light of the current operating environment to ensure expectations are clear, relevant and realistic.	*
Improving Student Performance: A New Brunswick Challenge	Department of Education and Early Childhood Development	2018	2	2	80	We recommend the Department of Education and Early Childhood Development track, receive, review and take action on school district plans and reports, and hold all parties accountable as required by the Education Act.	*

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Improving Student Performance: A New Brunswick Challenge	Department of Education and Early Childhood Development	2018	2	2	87	We recommend the Department of Education and Early Childhood Development develop standards for teacher performance and provide tools to support the school districts in: <ul style="list-style-type: none"> • evaluating staff performance regularly as required by the Education Act; and • taking action to improve staff performance where needed. 	*
Improving Student Performance: A New Brunswick Challenge	Department of Education and Early Childhood Development	2018	2	2	35	We recommend the Department of Education and Early Childhood Development publicly provide plans to improve when assessment results show targets for reading, math and science were not met.	*
Improving Student Performance: A New Brunswick Challenge	Department of Education and Early Childhood Development	2018	2	2	36	We recommend the Department of Education and Early Childhood Development make it easy to find the results of provincial assessments by displaying them prominently on its website.	*
Improving Student Performance: A New Brunswick Challenge	Department of Education and Early Childhood Development	2018	2	2	102	We recommend the Department of Education and Early Childhood Development publicly report New Brunswick students' performance on national and international tests on its website and inform the public when these results are available.	*

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WorkSafeNB Phase II – Management of Injured Worker’s Claims	WorkSafeNB	2018	2	3	36	We recommend WorkSafeNB automate the claims management system to allow electronic submission and processing of claims documents, to reduce work and speed up intake and adjudication processes.	*
WorkSafeNB Phase II – Management of Injured Worker’s Claims	WorkSafeNB	2018	2	3	40	We recommend claims be sent directly to an adjudicator after initial intake team gathers personal information and accident details.	*
WorkSafeNB Phase II – Management of Injured Worker’s Claims	WorkSafeNB	2018	2	3	41	We recommend WorkSafeNB uses separate “Report of Accident” forms for the employer and employee.	*
WorkSafeNB Phase II – Management of Injured Worker’s Claims	WorkSafeNB	2018	2	3	48	We recommend WorkSafeNB focus on return to work during adjudication by: <ul style="list-style-type: none"> • identifying risks to return to work; • prioritizing complex claims, and • initiating a plan to address barriers. 	*
WorkSafeNB Phase II – Management of Injured Worker’s Claims	WorkSafeNB	2018	2	3	49	We recommend WorkSafeNB communicate a detailed case plan with: <ul style="list-style-type: none"> • return to work goals; • proposed treatments; and • forecast date for recovery. 	*
WorkSafeNB Phase II – Management of Injured Worker’s Claims	WorkSafeNB	2018	2	3	53	We recommend WorkSafeNB develop a treatment plan right after a claim is accepted and enable the adjudicator to communicate it to the injured workers.	*

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WorkSafeNB Phase II – Management of Injured Worker’s Claims	WorkSafeNB	2018	2	3	54	We recommend WorkSafeNB use disability duration guidelines to provide a forecast of return to work and include it in the initial decision letter sent to injured workers.	*
WorkSafeNB Phase II – Management of Injured Worker’s Claims	WorkSafeNB	2018	2	3	59	We recommend WorkSafeNB require case managers discuss with injured workers their abilities, functional limitations and restrictions in determining the modified return to work plan.	*
WorkSafeNB Phase II – Management of Injured Worker’s Claims	WorkSafeNB	2018	2	3	60	We recommend WorkSafeNB improve the adjudication decision making process by requiring adjudicators to document in the claim management system decision rationale with the key legislation and operational policy.	*
WorkSafeNB Phase II – Management of Injured Worker’s Claims	WorkSafeNB	2018	2	3	63	We recommend WorkSafeNB include a clear explanation of potential eligible benefits with the initial decision letter to injured workers.	*
WorkSafeNB Phase II – Management of Injured Worker’s Claims	WorkSafeNB	2018	2	3	66	We recommend WorkSafeNB develop specific competencies for the adjudication role and require all successful applicants to meet those competencies.	*
WorkSafeNB Phase II – Management of Injured Worker’s Claims	WorkSafeNB	2018	2	3	75	We recommend WorkSafeNB update its guidance to promote early referrals to the workers rehabilitation centre, to maximize return to work outcomes.	*

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WorkSafeNB Phase II – Management of Injured Worker’s Claims	WorkSafeNB	2018	2	3	81	We recommend WorkSafeNB formalize the authority and role of the medical advisor and ensure both medical advisors and case managers understand their respective roles regarding medical opinions.	*
WorkSafeNB Phase II – Management of Injured Worker’s Claims	WorkSafeNB	2018	2	3	82	We recommend WorkSafeNB: <ul style="list-style-type: none"> • require medical advisor opinions to be formally documented and be restricted to the specifics of the medical condition; and • have templated, specific questions for case managers to ask medical advisors. 	*
WorkSafeNB Phase II – Management of Injured Worker’s Claims	WorkSafeNB	2018	2	3	84	We recommend WorkSafeNB have a plan to: <ul style="list-style-type: none"> • follow up with the injured worker in relation to treatment progress; • closely monitor claims with modified return to work to ensure the modified work is suitable; and • communicate with health care providers involved in relation to worker’s progress. 	*
WorkSafeNB Phase II – Management of Injured Worker’s Claims	WorkSafeNB	2018	2	3	88	We recommend WorkSafeNB develop expertise for complex and sensitive conditions among case managers by allocating specific types of injuries to certain case managers and offering professional development opportunities.	*
WorkSafeNB Phase II – Management of Injured Worker’s Claims	WorkSafeNB	2018	2	3	97	We recommend WorkSafeNB: <ul style="list-style-type: none"> • expand the duration and level of detail in case manager training; and • enhance ongoing training for existing staff. 	*

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WorkSafeNB Phase II – Management of Injured Worker’s Claims	WorkSafeNB	2018	2	3	98	We recommend WorkSafeNB monitor claims managed and provide feedback to staff on an ongoing basis to ensure adherence to policy and consistency among regions.	*
WorkSafeNB Phase II – Management of Injured Worker’s Claims	WorkSafeNB	2018	2	3	101	We recommend WorkSafeNB annually review long term disability clients with a potential for return to work (for example, a change in functional abilities or a change in the labour market availability) to determine if the claim is still suitable for long term disability.	*
WorkSafeNB Phase II – Management of Injured Worker’s Claims	WorkSafeNB	2018	2	3	104	We recommend WorkSafeNB propose to amend the legislation so that appeals go to the Issues Resolution Office of WorkSafeNB as a mandatory first step before an appellant can file an appeal with the Workers Compensation Appeals Tribunal.	*
WorkSafeNB Phase II – Management of Injured Worker’s Claims	WorkSafeNB	2018	2	3	107	We recommend WorkSafeNB develop Key Performance Indicators which are relevant to the performance of its internal processes.	*
WorkSafeNB Phase II – Management of Injured Worker’s Claims	WorkSafeNB	2018	2	3	109	We recommend WorkSafeNB define targets for its Key Performance Indicators and clearly state these on performance reports.	*
WorkSafeNB Phase II – Management of Injured Worker’s Claims	WorkSafeNB	2018	2	3	111	We recommend WorkSafeNB link: <ul style="list-style-type: none"> • key performance indicators to strategic goals; and • improvement initiatives to the Key Performance Indicators identified. 	*

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WorkSafeNB Phase II – Management of Injured Worker’s Claims	WorkSafeNB	2018	2	3	115	We recommend WorkSafeNB reallocate administrative tasks, such as loss of earnings benefit calculations, from case managers to administrative staff.	*
WorkSafeNB Phase II – Management of Injured Worker’s Claims	WorkSafeNB	2018	2	3	119	We recommend WorkSafeNB build tools into the claims management system to free up staff from routine and repetitive tasks so they can focus on progress and treatments of injuries. Such tools would include: <ul style="list-style-type: none"> • enhanced data mining capabilities; • system reminders to update client information; • auto-complete forms; and • automated medical claims processing. 	*
WorkSafeNB Phase II – Management of Injured Worker’s Claims	WorkSafeNB	2018	2	3	131	When tendering the contract for medical services again in 2019, we recommend WorkSafeNB: <ul style="list-style-type: none"> • ensure tender requirements are comprehensive to minimize the need for significant changes after the tender is issued; and • follow procurement regulations and best practices to ensure transparency, fairness, and competitiveness of the bidding process. 	*
WorkSafeNB Phase II – Management of Injured Worker’s Claims	WorkSafeNB	2018	2	3	133	We recommend WorkSafeNB use a shorter initial term with an option to renew, when the contract for medical services is tendered in 2019.	*

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WorkSafeNB Phase II – Management of Injured Worker’s Claims	WorkSafeNB	2018	2	3	135	We recommend that WorkSafeNB include contract terms addressing intellectual property rights in future contracts for medical and rehabilitation services.	*
WorkSafeNB Phase II – Management of Injured Worker’s Claims	WorkSafeNB	2018	2	3	141	We recommend WorkSafeNB use progress reports received from physiotherapy clinics to monitor injured workers during treatment.	*
Medicare Cards	Department of Health	2019	1	2	37	We recommend Medicare develop an online application process similar to other provinces to allow individuals to apply directly to Medicare for a Medicare card.	**
Medicare Cards	Department of Health	2019	1	2	38	We recommend 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.	**
Medicare Cards	Department of Health	2019	1	2	45	We recommend 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.	**

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Medicare Cards	Department of Health	2019	1	2	58	We recommend 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.	**
Medicare Cards	Department of Health	2019	1	2	59	We further recommend if the savings achieved by the change were not sufficient to offset the additional risks it has taken on, Medicare reverse the automatic renewal process.	**
Medicare Cards	Department of Health	2019	1	2	60	Regardless of the renewal process it employs, we recommend Medicare develop procedures to verify mailing addresses before sending out renewal documents in the future.	**
Medicare Cards	Department of Health	2019	1	2	66	We recommend Medicare evaluate associated risks as well the necessity of having two private organizations contracted to produce and distribute Medicare Cards instead of one.	**
Medicare Cards	Department of Health	2019	1	2	67	We recommend Medicare obtain a CSAE 3416 report on controls annually from Medavie/CPI in connection with the card production and distribution services provided by the two third party providers.	**
Medicare Cards	Department of Health	2019	1	2	75	We recommend Medicare, as a minimum, add photo identification to NB Medicare cards to enhance card security.	**

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Medicare Cards	Department of Health	2019	1	2	76	We recommend 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.	**
Medicare Cards	Department of Health	2019	1	2	77	We further recommend Medicare assign responsibility for following up on any tips received.	**
Medicare Cards	Department of Health	2019	1	2	82	We recommend that Medicare upgrade their registration system to reduce the number of manual procedures required to administer the registration process.	**
Medicare Cards	Department of Health	2019	1	2	88	We recommend Medicare negotiate a reciprocal billing arrangement with the Province of Quebec, based upon the arrangements now in place between New Brunswick and other provinces.	**
Medicare Cards	Department of Health	2019	1	2	91	We recommend Medicare's contracts with Service New Brunswick and Medavie Blue Cross be amended to include performance metrics and related reporting requirements.	**
Medicare Cards	Department of Health	2019	1	2	96	We recommend that Medicare prepare a staffing plan to help it develop the capacity to implement necessary changes to the Medicare card program while maintaining current operations at an acceptable level.	**

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Medicare Cards	Department of Health	2019	1	2	99	We recommend Medicare: <ul style="list-style-type: none"> • develop key performance indicators to allow assessment of Medicare performance; • set performance targets and measure actual results against those targets; and • publicly report the results on an annual basis. 	**
Outsourcing of Highway Maintenance and Construction Work	Department of Transportation and Infrastructure	2019	1	3	34	We recommend the Department of Transportation and Infrastructure Develop an evidence based outsourcing policy and a decision making framework to guide which programs and activities to outsource.	**
Outsourcing of Highway Maintenance and Construction Work	Department of Transportation and Infrastructure	2019	1	3	39	We recommend the Department of Transportation and Infrastructure Assess the risk of over dependence on a single supplier when making outsourcing decisions.	**
Outsourcing of Highway Maintenance and Construction Work	Department of Transportation and Infrastructure	2019	1	3	47	We recommend the Department of Transportation and Infrastructure Record, track and regularly report on the extent and composition of outsourced maintenance and construction work.	**
Outsourcing of Highway Maintenance and Construction Work	Department of Transportation and Infrastructure	2019	1	3	55	We recommend the Department of Transportation and Infrastructure Evaluate how road work such as chipsealing is sourced and delivered in all districts following an objective and evidence-based cost benefit analysis.	**
Outsourcing of Highway Maintenance and Construction Work	Department of Transportation and Infrastructure	2019	1	3	62	We recommend the Department of Transportation and Infrastructure Include capital investment in critical equipment when planning the most cost-effective manner to deliver road repairs.	**

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Outsourcing of Highway Maintenance and Construction Work	Department of Transportation and Infrastructure	2019	1	3	68	We recommend the Department of Transportation and Infrastructure Source capital equipment through the most cost-effective means as demonstrated by a business case analysis	**
Outsourcing of Highway Maintenance and Construction Work	Department of Transportation and Infrastructure	2019	1	3	78	We recommend the Department of Transportation and Infrastructure Source bridge and culvert replacement work in an evidenced-based, cost-effective and timely manner.	**
Overdue Property Tax: Collections and Forgiveness	Department of Finance	2019	1	4	34	We recommend the Department of Finance develop a policy for its use of section 25 of the Real Property Tax Act to improve collections of overdue property tax. This section states that a person in whose name real property is assessed, who fails to pay the taxes on that real property, commits an offence punishable under part II of the Provincial Offences Procedure Act.	**
Overdue Property Tax: Collections and Forgiveness	Department of Finance	2019	1	4	35	We recommend the Department of Finance calculate and track the impact of forgiven municipal property tax on the Province's expenses.	**
Overdue Property Tax: Collections and Forgiveness	Department of Finance	2019	1	4	36	We recommend the Department of Finance: <ul style="list-style-type: none"> • clarify performance expectations of Service New Brunswick in collecting overdue property tax; and • monitor Service New Brunswick's performance against pre-defined performance indicators and targets. 	**

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Overdue Property Tax: Collections and Forgiveness	Department of Finance	2019	1	4	51	We recommend the Department of Finance set detailed eligibility criteria for property tax forgiveness to ensure consistency of forgiveness decisions.	**
Overdue Property Tax: Collections and Forgiveness	Department of Finance	2019	1	4	52	We recommend the Department of Finance request the Office of the Comptroller internal audit group perform periodic reviews of system controls.	**
Overdue Property Tax: Collections and Forgiveness	Department of Finance	2019	1	4	53	We recommend the Department of Finance consult with Treasury Board to determine whether the 2014 directive to review the Real Property Tax Act is still appropriate.	**
City of Saint John Agreement – Special Review	Executive Council Office	2019	1	5	29	We recommend the Executive Council Office ensure funding decisions by Cabinet: <ul style="list-style-type: none"> • follow due process with proper approval by all relevant parties; • are justified by a documented business case, detailed financial analysis and clear rationale for critical decisions; and • are supported by a documented legal review prior to decisions being made 	**
City of Saint John Agreement – Special Review	Executive Council Office	2019	1	5	33	We recommend the Executive Council Office develop a records retention policy to ensure key records are maintained in the Premier's Office throughout government transitions.	**

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City of Saint John Agreement – Special Review	Executive Council Office	2019	1	5	54	<p>We recommend the Executive Council Office/Treasury Board Secretariat ensures:</p> <ul style="list-style-type: none"> • funding agreements do not effectively override the spirit and intent of legislation, such as: <ul style="list-style-type: none"> o subsection 100(8) of the <i>Local Governance Act</i> discouraging ongoing deficits; and o the need for an appropriation in advance of expending provincial funds as per the <i>Financial Administration Act</i>; • a detailed risk analysis is completed when developing funding agreements and necessary clauses are included to address identified risks to the Province; including: <ul style="list-style-type: none"> o an appropriations clause based on legal advice to ensure proper budget authority is obtained; and o a clause requiring financial reports follow Public Sector Accounting Standards; • a sufficient multi-year appropriation is obtained to cover all legally committed funding over the life of the agreement. 	**
	Finance and Treasury Board						**
City of Saint John Agreement – Special Review	Executive Council Office	2019	1	5	64	We recommend the Executive Council Office involve all relevant provincial entities when planning, developing and reviewing future contracts and agreements for Cabinet approval.	**

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City of Saint John Agreement – Special Review	Executive Council Office	2019	1	5	71	We recommend the Executive Council Office ensure agreements approved by Cabinet: <ul style="list-style-type: none"> • are complete and authorized prior to making payments under the agreement; • contain clauses to mitigate risk and protect the taxpayer; • include clear, measurable deliverables; • include monitoring mechanisms; and • are monitored to ensure key deliverables, such as committee reports, are completed as required 	**
City of Saint John Agreement – Special Review	Finance and Treasury Board	2019	1	5	85	We recommend Treasury Board Secretariat/ provincial Comptroller review and update the Financial Administration Act to: <ul style="list-style-type: none"> • 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; and • provide for budget appropriations for multi-year agreements at the time in which funds are legally committed. 	**

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