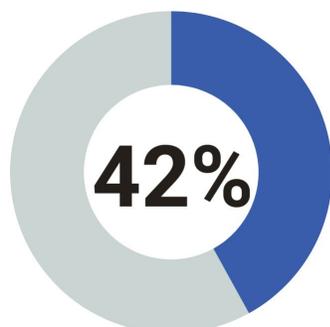


# Chapter 3

## 2021 Performance Audit Recommendations



### 2021 Overall Results

Government completed 42% (11 of 26) after two years

Government accepted all recommendations from our 2021 audit reports. We continue to encourage government to work to address the remaining outstanding recommendations

### SCORE CARD

Legend	100%	50-99%	Less than 50%
Recommendations Completed			

Report and Audit Title	Recommendations				
	Total	Not Completed	Completed		
<b>May 2021</b>					
Nova Scotia Liquor Corporation – Phase II	11	6	5	45%	
<b>July 2021</b>					
Planning and Implementation of the Pre-Primary Program	9	6	3	33%	
<b>November 2021</b>					
Internet for Nova Scotia	4	2	2	50%	
Value for Money of Early COVID-19 Relief Programs for Individuals and Small Businesses	2	1	1	50%	
<b>Total</b>	<b>26</b>	<b>15</b>	<b>11</b>	<b>42%</b>	

### Recommendations Outstanding by Organization

2021 Audits – Outstanding Recommendations	Organization	# Not Completed
<b>May 2021:</b> Nova Scotia Liquor Corporation – Phase II	Nova Scotia Liquor Corporation	6
<b>July 2021:</b> Planning and Implementation of the Pre-Primary Program	Education and Early Childhood Development	6
<b>November 2021:</b> Internet for Nova Scotia	Finance and Treasury Board	1
	Build Nova Scotia	1
<b>November 2021:</b> Value for Money of Early COVID-19 Relief Programs for Individuals and Small Businesses	Education and Early Childhood Development	1

## Questions Nova Scotians May Want to Ask Regarding 2021 Audits

### Nova Scotia Liquor Corporation – Phase II

1. How will the NSLC make sure that local manufacturers are not selling alcohol below the allowable price?
2. How will the NSLC Board of Directors confirm new board members have skills and experience to meet the needs of the board?

### Planning and Implementation of the Pre-Primary Program

3. How does the Department of Education and Early Childhood Development know whether the Pre-Primary Program is meeting program goals?
4. What is the Department of Education and Early Childhood Development doing to make sure school staff are aware of the different roles and responsibilities of the Pre-Primary Program and how they relate to each other?
5. How does the Department of Education and Early Childhood Development make sure Pre-Primary Program staff have consistent and appropriate qualifications and training?

### Internet for Nova Scotia

6. How does Build Nova Scotia know whether internet projects are on or behind schedule?
7. What is the Department of Finance and Treasury Board doing to verify the appropriateness of decisions made to place public money into specific-use trust funds?

### Value for Money of Early COVID-19 Relief Programs for Individuals and Small Businesses

8. How does the Department of Education and Early Childhood Development verify recipients of grants were entitled to funding?

# 3 2021 Performance Audit Recommendations

## Audits with Recommendations Not Completed

- 3.1 Fifteen recommendations from our 2021 audits remain not completed after two years.
- 3.2 We provide additional information, as well as the original and updated responses from each organization, in the following paragraphs for recommendations from audits that have not been completed and the risks that remain.

### May 2021: Nova Scotia Liquor Corporation – Phase II

- 3.3 The objectives of this performance audit were to determine whether the Nova Scotia Liquor Corporation (NSLC) procures and promotes alcohol products in a fair and consistent manner, whether they appropriately manage alcohol inventory, and whether governance structures and processes are in place and provide oversight and accountability.
- 3.4 The Nova Scotia Liquor Corporation has not completed the following six recommendations:

#### Recommendation 1.1

The Nova Scotia Liquor Corporation should document policies and procedures for general list and one-time only beverage alcohol product selection, including a document retention policy for information which supports decision making.



Our 2021 audit found the NSLC had no policies or procedures detailing the selection of general listing and one-time only beverage alcohol products. Examples of missing policies included adding new products, delisting existing products, and determining where existing products are sold. By not completing this recommendation, product listing decisions could be made which do not support the goals of the organization.

**Nova Scotia Liquor Corporation response from original report (2021):** The NSLC agrees with this recommendation. The NSLC will document selection criteria, processes, and decisions with rationale. The NSLC will also define a consistent approval process with appropriate oversight and standardize the retention of documents in a central hub with proper date coding. This will be supported by supplier communication that clearly outlines the decision rationale. Timelines: Document the process with selection criteria – July 2021. Document retention process implemented – March 2022.

**Nova Scotia Liquor Corporation response as of October 2023:** The Nova Scotia Liquor Corporation has documented the selection criteria, processes, and decisions with rationale for general list beverage alcohol product. All supporting documentation of decisions and approvals are retained in a central location and aligned to retention policies for the organization. Documentation of the selection criteria, processes, and decisions in regards to one-time-only beverage alcohol product procurement is still in progress. The estimated completion time is March 31, 2024.

### Recommendation 1.2

The Nova Scotia Liquor Corporation should develop a management review process to assess if product listing decisions are appropriate and adequately supported.



Our 2021 audit found the NSLC had no management approval process or any other decision review process relating to product listing decisions. By not completing this recommendation, poor decisions may be made in the product selection process and they may not be identified.

**Nova Scotia Liquor Corporation response from original report (2021):** The NSLC agrees with this recommendation. The NSLC will develop a review process that tracks, date codes and stores all product listing changes in a central hub. Timeline: March 2022.

**Nova Scotia Liquor Corporation response as of October 2023:** The Nova Scotia Liquor Corporation has mapped and documented the management review process for general list beverage alcohol products. All supporting documentation of decisions and approvals are retained to support decision-making. Documentation for the management review process for one-time-only beverage alcohol products is still in progress. The estimated completion is March 31, 2024.

### Recommendation 1.3

The Nova Scotia Liquor Corporation should implement a process to monitor pricing at local manufacturer retail stores.



Our 2021 audit found the NSLC was not verifying whether products sold at local manufacturer retail stores were appropriately priced. By not completing this recommendation, local manufacturers may be selling their products for less than the allowable price.

**Nova Scotia Liquor Corporation response from original report (2021):** The NSLC agrees with this recommendation. The NSLC will be expanding the mandate of the retail audit function to include local producers. As a part of the audit program selling prices will be reviewed. Timeline: December 2021.

**Nova Scotia Liquor Corporation response as of October 2023:** A process to monitor pricing at local manufacturers and audit program has been developed. Initial audits will be complete by end of October 2023 by NSLC's Audit and Compliance Manager and local producer engagement to review findings and recommendations completed by end of March 2023. Further review has determined that price lists change often, and the accuracy of annual submission may not be valid in many cases beyond the annual submission date. The NSLC will revise the requirement to indicate that Manufacturers must provide a price list to the NSLC upon request. Changes will be made by February 29, 2024.

### Recommendation 1.4

The Nova Scotia Liquor Corporation should develop documented policies and procedures for promotional programs, including documentation of the application, decision making, and approval communication process.



Our 2021 audit found the NSLC could provide little to no support for its decisions to include or deny applications from suppliers for their products in promotional programs. By not completing this recommendation, decisions regarding what products to include in promotional programs may not be appropriate and in the best interest of the Corporation.

**Nova Scotia Liquor Corporation response from original report (2021):** The NSLC agrees with this recommendation. The NSLC will leverage technology to communicate and archive vendor application status as well as formally document promotion consideration criteria and application results. Timeline: July 2021.

**Nova Scotia Liquor Corporation response as of October 2023:** Policies and procedures for NSLC's promotional program is complete including approval and rejection rationale associated with each application for FY23 programming is in place. The FY24 promotional guide outlines available programs, programming dates, submission dates and criteria for paid and non-paid promotional opportunities. Currently in progress, is the documenting of the selection criteria, processes, and decisions with rationale for One Time Only (OTO) beverage alcohol product procurement selections including approval and sign off process. All supporting documentation of decisions and approval will be retained in a central location aligned to organizational retention policies. Estimated OTO process completion – March 31, 2024.

### Recommendation 1.10

The Board of Directors should review processes in place to ensure responsibilities that support the effective operation of the board, such as board evaluations, individual member assessments and education sessions, are completed as required.



Our 2021 audit found the NSLC Board of Directors was not conducting annual board evaluations, documenting development plans for individual board members, or holding training sessions on a regular basis. By not completing this recommendation, the NSLC Board of Directors may not be aware of, and may not be following, governance best practices.

**Nova Scotia Liquor Corporation response from original report (2021):** The NSLC agrees with this recommendation. The NSLC's board evaluation process, which includes individual member assessments, has been added to the Governance and Human Resources (GHR) workplan and will be performed on an annual basis. This year's board evaluation was launched in February 2021. The individual member assessments will be documented by Board Chair and GHR Chair and the evaluation results will be discussed in June 2021 at committee and board meetings. The board education planning process will take place on an annual basis. The board education sessions are planned out for fiscal year 2022. Timeline: June 2021.

**Nova Scotia Liquor Corporation response as of October 2023:** The NSLC's board evaluation process has been added to the Governance and Human Resources (GHR) workplan and will be performed on an annual basis. Initial evaluation was launched in February 2021 and board education planning process to take place on an annual basis. Upon recent review of the Board Education Policy guide, revision to the approach of Board education and development where needed is required. The development plan will focus on the full Board and not at the individual level and will be implemented and executed in 2024.

### Recommendation 1.11

The Board of Directors should ensure that its competency matrix is updated in advance of board vacancies, with identified skills gaps communicated to government for consideration during the appointment process.



Our 2021 audit found the Board Competency Matrix of the NSLC Board of Directors had not been updated since its development in 2017, and did not reflect the current membership of the Board. By not completing this recommendation, the NSLC Board of Directors cannot effectively plan for succession of board members when terms expire, and may not be appointing new members with skills to address known weaknesses or competency gaps.

**Nova Scotia Liquor Corporation response from original report (2021):** The NSLC agrees with this recommendation. The Governance and Human Resources (GHR) committee added the review of the competency matrix to the workplan. This review will be performed on an annual basis. Upon this year's review, GHR has identified a need to amend the matrix. This item will be discussed and approved at the June 2021 GHR meeting. Once the change is approved, board members will be asked to fill out the matrix and the results will be discussed at the August GHR meeting and shared with Shareholder subsequently. Timeline: August 2021.

**Nova Scotia Liquor Corporation response as of October 2023:** The Board's Governance and Human Resources (GHR) committee has reviewed the competency matrix and all required changes approved at the June 2021 meeting. Board members have filled out the approved matrix and results discussed at the August 2021 GRH meeting and subsequently shared with the Shareholder. Documented confirmation of sharing of the competency matrix with the Shareholder will be added to the process for 2024.

## July 2021: Planning and Implementation of the Pre-Primary Program

3.5 The purpose of this performance audit was to determine whether the department adequately planned the implementation of the Pre-Primary Program and whether it is regularly assessing its effectiveness.

3.6 The Department of Education and Early Childhood Development has not completed the following six recommendations:



### Recommendation 1.3

The Department of Education and Early Childhood Development should regularly evaluate the program to determine whether goals and objectives are being met.



Our 2021 audit found that the Department of Education and Early Childhood Development (EECD) had established goals for the Pre-Primary Program but had no strategy to measure program success. By not completing this recommendation, the Department of Education and Early Childhood Development cannot appropriately measure the effectiveness of the Pre-Primary Program.

**Education and Early Childhood Development response from original report (2021):** Agree. During the implementation of pre-primary, EECD purposefully focused on a developmental evaluation to inform the implementation and understand barriers to participation and integration in the public-school setting. EECD will conduct an impact/outcomes evaluation of pre-primary which focuses on how the program is meeting its goals and objectives and achieving desired outcomes, based on a revised Theory of Change model and evaluation framework which will include a schedule for on-going evaluation of pre-primary. EECD will complete the evaluation in 2022-23 school year which will provide a baseline measurement for outcomes.

**Education and Early Childhood Development response as of October 2023:** The Department of Education and Early Childhood Development has created an evaluation framework for the pre-primary program. This framework is now being implemented by the Department. A detailed data analysis of the 2022-23 school year will be completed by the end of February 2024.

#### Recommendation 1.4

The Department of Education and Early Childhood Development should ensure all background checks for Pre-Primary Program staff are completed as required by policy before staff begin working in the classroom.



Our 2021 audit found background checks were sometimes not obtained or were obtained after the individual started working in the classroom. By not completing this recommendation, staff without the required background checks may be working in classrooms, which could create an unsafe learning environment for children.

**Education and Early Childhood Development response from original report (2021):** Agree. EECD has directed the Regional Centres for Education/Conseil scolaire acadien provincial to immediately ensure all pre-primary staff have the required checks in place and that these checks are properly documented in personnel files, and to report to the Deputy Minister with confirmation that the work has been undertaken no later than May 15, 2021. All Regional Centres for Education and Conseil scolaire acadien provincial have replied and are in compliance. On an annual basis, Regional Centres for Education/Conseil scolaire acadien provincial will be required to provide the Deputy Minister with an attestation which assures that all policies have been adhered to and that all staff in pre-primary have the required background checks in place and on file.

**Education and Early Childhood Development response as of October 2023:** The Department of Education and Early Childhood Development has maintained background check information in each employee file. A tracking method will be implemented in each Regional Centre for Education/CSAP allowing for confirmation prior to the signing of the attestation. Tracking methods will be implemented by the end of March 2024.

#### Recommendation 1.6

The Department of Education and Early Childhood Development should ensure Early Childhood Educator's education credentials are verified when they are hired.



Our 2021 audit found employee qualifications were not always confirmed before staff were hired. By not completing this recommendation, unqualified staff may be delivering programs which could impact program quality.

**Education and Early Childhood Development response from original report (2021):** Agree. EECD has directed the Regional Centres for Education/Conseil scolaire acadien provincial to immediately ensure confirmation of educational qualifications for pre-primary staff are documented in their personnel file, and to report to the Deputy Minister with confirmation that the work has been undertaken no later than by May 15, 2021. All Regional Centres for Education and Conseil scolaire acadien provincial have replied and are in compliance.

**Education and Early Childhood Development response as of October 2023:** The Department of Education and Early Childhood Development has maintained education credential documents in each individual employee file. A tracking method will be implemented in each Regional Centre for Education/CSAP allowing for confirmation prior to the signing of the attestation. Tracking methods will be implemented by the end of March 2024.

**Recommendation 1.7**

The Department of Education and Early Childhood Development should develop a process to ensure all new Pre-Primary Program staff receive orientation prior to starting in the classroom.



Our 2021 audit found orientation was not held for Pre-Primary staff in the first year the Pre-Primary Program was implemented, and at the time of the audit had only been offered to staff at the start of the year with no option for staff who came on board later. By not completing this recommendation, Pre-Primary staff may not have clear expectations of their role, nor an understanding of their responsibilities before working in the classroom.

**Education and Early Childhood Development response from original report (2021):** Agree. Regional Centres for Education/Conseil scolaire acadien provincial will be required to provide the Deputy Minister with an annual attestation which assures that all new staff in pre-primary have received an orientation prior to working with children in pre-primary by October 31st of each year starting in 2021.

**Education and Early Childhood Development response as of October 2023:** The Regional Centres for Education (RCE) and CSAP staff have received orientation prior to starting in the classroom. A tracking method will be implemented in each Regional Centre for Education/CSAP allowing for confirmation prior to the signing of the attestation. Tracking methods will be implemented by the end of March 2024.

**Recommendation 1.8**

The Department of Education and Early Childhood Development should clearly define and communicate roles and responsibilities related to the Pre-Primary Program for the Pre-Primary Consultant, Pre-Primary Managers, school principals, and Early Childhood Educators.



Our 2021 audit found roles and responsibilities were unclear among Pre-Primary staff, with some overlapping responsibilities between roles. By not completing this recommendation, confusion and frustration around staff responsibilities remains, which can negatively impact morale.

**Education and Early Childhood Development response from original report (2021):** Agree. EECD will support Regional Centres for Education/Conseil scolaire acadien provincial HR Directors to collaborate on province-wide definition of roles and responsibilities for all positions in pre-primary by December 31, 2021. The roles and responsibilities will form part of the orientation for all new employees in pre-primary. EECD has completed a process for defining the role and responsibilities of the EECD Pre-primary Consultant position which has been presented and shared with the Pre-primary Consultants and Regional Centres for Education/Conseil scolaire acadien provincial. Supporting documentation has been disseminated.

**Education and Early Childhood Development response as of October 2023:** The Department of Education and Early Childhood Development has defined and communicated roles and responsibilities related to the Pre-Primary Program through orientation sessions, however, there is currently some overlap in roles and responsibilities in certain Regional Centres for Education. This will be resolved by the end of February 2024.

#### Recommendation 1.9

The Department of Education and Early Childhood Development should develop and implement a formal complaint process for the Pre-Primary Program that includes clearly defined and communicated roles and responsibilities.



Our 2021 audit found there was no documented complaints resolution process. By not completing this recommendation, a complainant may not know the application process to have their concerns addressed, which could result in issues not appropriately raised, addressed or resolved.

**Education and Early Childhood Development response from original report (2021):** Agree. Regional Centres for Education and Conseil scolaire acadien provincial have formal parent complaint policies and protocols. EECD will work with the Regional Centres for Education/Conseil scolaire acadien provincial to revise these where necessary to ensure that pre-primary is explicitly included by September 1, 2021.

**Education and Early Childhood Development response as of October 2023:** The Department of Education and Early Childhood Development directed each Regional Centre for Education and the Conseil scolaire acadien provincial to amend their complaints policies to include the Pre-Primary Program. Pre-Primary will be explicitly included in all Regional Centre for Education and Conseil scolaire acadien provincial complaint policies by the end of January 2024.

### November 2021: Internet for Nova Scotia

- 3.7 The purpose of this performance audit was to assess the progress of the Province of Nova Scotia towards the goal of providing high quality internet service to more than 95% of Nova Scotians, and to assess the adequate safeguarding of the assets of the Nova Scotia Internet Funding Trust.
- 3.8 Build Nova Scotia and the Department of Finance and Treasury Board have not completed the following two recommendations:



#### Recommendation 1.1

We recommend the Department of Finance and Treasury Board, in consultation with the Executive Council Office, develop guidance relating to the use of trusts including specific direction on conducting:

- an analysis of alternative options, including value-for-money considerations to taxpayers for each option
- an analysis to determine the necessary funding prior to committing provincial funds; and
- an assessment of what level of control the government will have over the trust and whether risks have been appropriately mitigated for those that will be at arm's length.



Our 2021 audit found no evidence of a comprehensive analysis completed to reach the decision to use an external trust, and no documentation to support the determination of \$193 million to deliver the project. By not completing this recommendation, the Province could prematurely lose discretion over how these funds can be used or invested.

**Finance and Treasury Board response from original report (2021):** The Department of Finance and Treasury Board, in consultation with Executive Council Office, will develop guidance relating to the use of trust funds.

**Finance and Treasury Board response as of October 2023:** According to Section 9(1) of the *Finance Act*, no trust fund may be created using public money without the approval of the Minister of Finance and Treasury Board. The Department currently follows a process to guide the development of such trusts. This process will be reviewed and updated, taking into consideration items raised by Office of the Auditor General. Expected completion date is December 31, 2023.

#### Recommendation 1.4

We recommend Develop Nova Scotia track project progress against schedules and document monthly meetings with proponents including sign-off on all progress reports received.



Our 2021 audit found Develop Nova Scotia did not review progress reports submitted by proponents and did not maintain minutes of monthly meetings. Develop Nova Scotia did not formally track progress against original project schedules. By not completing this recommendation, work may not be completed as reported, which could result in delays in completing projects.

**Develop Nova Scotia response from original report (2021):** Agreed. The overall project schedule is tracked and is currently on time. The timeline to complete individual projects is adjusted as required and reported publicly and internally, with some individual projects behind schedule and some projects ahead of schedule. Project Reports are now being signed off by project engineer and project manager.

**Build Nova Scotia response as of October 2023:** A complete record of project progress, including tracking against project schedule and milestones, is documented via monthly project reports which include Build Nova Scotia comments and which are signed and returned to service providers. Actions have been taken, put in place, and will continue until the projects are complete. Currently projects are scheduled to 2024.

## November 2021: Value for Money of Early COVID-19 Relief Programs for Individuals and Small Businesses

3.9 The purpose of this performance audit was to determine whether there were adequate processes and controls in place to ensure that expenditures, made to help Nova Scotians get through the COVID-19 pandemic, were administered effectively to achieve defined goals and objectives.

3.10 The Department of Education and Early Childhood Development has not completed the following recommendation:



**Recommendation 1.2**

We recommend the Department of Education and Early Childhood Development perform audits to ensure the emergency childcare grants accurately went to entitled recipients. The Department should take appropriate corrective action if errors are found.



Our 2021 audit found childcare centres were required to submit forms detailing their expenses; however, there was no evidence requested to support the information submitted was accurate. We were informed there was no verification of supporting documents at the time of the grant distribution, and no audits had occurred. By not completing this recommendation, childcare providers may have received funding they were not entitled to receive.

**Education and Early Childhood Development response from original report (2021):** EECD agrees with this recommendation. The department was pleased to respond quickly to the needs of childcare operators during a once-in-a-generation pandemic, ensuring continued availability of childcare for families. We also appreciate the role we have in monitoring and fiscal accountability for government funding. As part of the existing financial monitoring audit process, EECD will be including a specific audit review of emergency provincial funding received by operators. Centres may be identified for this audit randomly or as the result of an identified concern, beginning in November 2021. Funding adjustments will be made when necessary. We know how important the availability of childcare is to families and to the economy, and we were pleased to successfully meet the goal of keeping regulated childcare centres viable and ready to be operational for families to return to care once the mandated closures were lifted.

**Education and Early Childhood Development response as of October 2023:** An external audit firm has been retained to perform an audit of the COVID emergency childcare grant. The audit is scheduled to be complete by Fall 2023.

## Organizations with All Recommendations Completed

2021 Audits – All Recommendations Completed	Organization
<b>May 2021:</b> Nova Scotia Liquor Corporation – Phase II	Finance and Treasury Board
<b>November 2021:</b> Value for Money of Early COVID-19 Relief Programs for Individuals and Small Businesses	Finance and Treasury Board

\* See Appendix II for a list of the completed recommendations