



**FIRST REPORT
OF THE
STANDING COMMITTEE
ON
PUBLIC ACCOUNTS**

Fourth Session
Fifty-eighth Legislative Assembly
of the
Province of New Brunswick

November 17, 2017

MEMBERS OF THE COMMITTEE

Mr. Holder, Chair
Mr. Chiasson, Vice Chair
Mr. Doherty
Mr. Guitard
Mr. Bertrand LeBlanc
Mr. Boudreau
Mr. Albert

Mr. Bernard LeBlanc
Mr. Roussel
Mr. Jeff Carr
Mr. Crossman
Mr. B. Macdonald
Mr. Coon

November 17, 2017

To The Honourable
The Legislative Assembly of
The Province of New Brunswick

Mr. Speaker:

I have the pleasure to present herewith the First Report of the Standing Committee on Public Accounts.

The report outlines the activities of the Committee during the Second and Third Sessions of the Fifty-eighth Legislative Assembly.

In addition, the report contains recommendations regarding the annual report policy of government.

And your Committee begs leave to make a further report.

Mr. Trevor Holder, MLA
Chair

November 17, 2017

To The Honourable
The Legislative Assembly of
The Province of New Brunswick

Mr. Speaker:

Your Standing Committee on Public Accounts begs leave to submit this, their First Report.

The report outlines the activities of the Committee during the Second and Third Sessions of the Fifty-eighth Legislative Assembly.

The Committee notes that Mr. Holder, Chair; Mr. Chiasson, Vice-Chair; and Mr. Coon, Leader of the Third Party; worked collaboratively to establish an agenda for meetings of the Committee.

- December 15, 2015
The Standing Committees on Public Accounts and Crown Corporations held a joint session to receive and review the *Report of the Auditor General of New Brunswick 2015, Volume III - Financial Audit* and *Volume IV - Performance Audit*. Volume III focused on matters arising from the annual financial audit of the provincial government and Crown agencies including observations on pension plans, administration of school raised funds, and the financial audit of the New Brunswick Lotteries and Gaming Corporation. Volume IV presented performance reports completed during 2015 including Public Debt, Centennial Building, and follow up on Recommendations from Prior Years' Performance Audit Chapters.
- June 15, 2016
The Standing Committees on Public Accounts and Crown Corporations held a joint session to receive and review the *Report of the Auditor General of New Brunswick 2016, Volume I - Performance Audit*. The volume presented performance reports completed during 2016 including Nursing Homes, Public Trustee Services, and Agricultural Fair Associations.
- September 14, 2016
The office of the Auditor General coordinated a workshop session for the Committee with the CCAF-FCVI Inc. (renamed the Canadian Audit & Accountability Foundation in 2017) entitled *Fundamentals of Effective Oversight*. The CAAF provides parliamentary oversight work based on a program of research, identification of good practices, and professional development workshops and tools designed to help oversight committees increase their effectiveness.
- The Committee held three meetings in October 2016. The following departments appeared and answered questions:
 - October 4, 2016
Department of Post-Secondary Education, Training and Labour
Appearing: Jean-Marc Dupuis, Deputy Minister
Years under review: 2012-2013, 2013-2014, 2014-2015
 - October 5, 2016
Department of Health
Appearing: Tom Maston, Deputy Minister
Years under review: 2012-2013, 2013-2014, 2014-2015

October 7, 2016

Department of Tourism, Heritage and Culture

Appearing: Kelly Cain, Deputy Minister

Years under review: 2012-2013, 2013-2014, 2014-2015

- October 26, 2016

The Standing Committees on Public Accounts and Crown Corporations held a joint session to receive and review the *Report of the Auditor General of New Brunswick 2016, Volume II - Joint Audit of Atlantic Lottery Corporation*. The volume presented the results of a joint audit of the Atlantic Lottery Corporation completed by the four Atlantic Canada Auditors General.

- November 29, 2016

The Standing Committees on Public Accounts and Crown Corporations held a joint session to receive and review the *Report of the Auditor General of New Brunswick 2016, Volume III - Performance Audit and Volume IV - Financial Audit*. Volume III presented the performance report completed during 2016 on Meat Safety in the Food Premises program in the Department of Health, and follow up on recommendations from prior years' Performance Audit Chapters. Volume IV focused on matters arising from the annual financial audit of the provincial government and Crown agencies including observations on pension plans, nursing homes, and the financial condition of the Province.

- The Committee held four meetings in November and December 2016. The following departments appeared and answered questions:

November 29, 2016

Aboriginal Affairs Secretariat

Appearing: Patrick Francis, Deputy Minister

Years under review: 2012-2013, 2013-2014, 2014-2015

November 30, 2016

Department of Finance

Appearing: Nicole Picot, Deputy Minister

Years under review: 2012-2013, 2013-2014, 2014-2015

December 1, 2016

Department of Social Development

Appearing: Craig Dalton, Deputy Minister

Years under review: 2012-2013, 2013-2014, 2014-2015

The following motion, moved by Ms. Shephard, was adopted during the course of the meeting:

THAT the Chair of the Standing Committee on Public Accounts write a letter to the Chair of the Standing Committee on Crown Corporations, asking the Chair that Service New Brunswick appear before the Crown Corporations committee forthwith to answer questions regarding the contract awarded to the Canadian Red Cross, October 2014, pertaining to the management of services provided under the Convalescent Rehabilitation Services Program.

December 2, 2016

Department of Justice and Public Safety

Appearing: Johanne C. Bray, Q.C., Deputy Minister

Years under review: Justice 2012-2013, 2013-2014, 2014-2015; Public Safety 2012-2013, 2013-2014, 2014-2015

Office of the Attorney General

Appearing: Lee Bell-Smith, Deputy Minister

Years under review: 2012-2013, 2013-2014, 2014-2015

- June 20, 2017

The Standing Committees on Public Accounts and Crown Corporations held a joint session to receive and review the *Report of the Auditor General of New Brunswick 2017, Volume I - Performance Audit*. The volume presented the performance reports completed during 2017 including Advisory Services Contract in the Department of Social Development and Climate Change in the Department of Environment and Local Government and NB Power.

The Standing Committee on Public Accounts met following the adjournment of the joint session.

The following motion, moved by Mr. Jeff Carr, was adopted during the course of the meeting:

THAT this Committee endorses all of the Auditor General's recommendations related to the Report of the Auditor General of New Brunswick, Volume I – Performance Audit.

The following motion, moved by Mr. Coon, was adopted as amended during the course of the meeting:

THAT the Department of Social Development be considered a priority when departments are called to appear before the Standing Committee on Public Accounts, to account for the decisions made regarding the rewarding of advisory contracts in 2013.

- The Committee held nine meetings in September and October 2017. The following departments appeared and answered questions:

September 26, 2017

Department of Post-Secondary Education, Training and Labour

Appearing: Jean-Marc Dupuis, Deputy Minister

Years under review: 2015-2016

Department of Environment and Local Government

Appearing: Kelli Simmonds, Deputy Minister

Years under review: 2011-2012, 2012-2013, 2013-2014, 2014-2015, 2015-2016

September 27, 2017

Department of Environment and Local Government (continued from September 26, 2017)

Appearing: Kelli Simmonds, Deputy Minister

Years under review: 2011-2012, 2012-2013, 2013-2014, 2014-2015, 2015-2016

Department of Justice and Public Safety

Appearing: Michael Comeau, Deputy Minister

Years under review: Justice, 2015-2016; Public Safety, 2015-2016

September 28, 2017

Office of the Attorney General

Appearing: Lee Bell-Smith, Deputy Minister

Years under review: 2015-2016

Department of Education and Early Childhood Development

Appearing: Gérald Richard, Deputy Minister; John McLaughlin, Deputy Minister

Years under review: 2014-2015, 2015-2016

September 29, 2017

Department of Transportation and Infrastructure

Appearing: Kelly Cain, Deputy Minister

Years under review: 2014-2015, 2015-2016

October 3, 2017

The Standing Committees on Public Accounts and Crown Corporations held a joint session to receive and review the *Report of the Auditor General of New Brunswick 2017, Volume II - Performance Audit*. The volume presented a special examination which detailed findings and work performed to address remaining unanswered questions from the 2015 Report *Financial Assistance to Atcon Holdings Inc. and Industry*.

October 10, 2017

Department of Energy and Resource Development

Appearing: Jean Finn, Deputy Minister

Years under review: Natural Resources, 2014-2015, 2015-2016; Energy and Mines, 2014-2015, 2015-2016

Department of Agriculture, Aquaculture and Fisheries

Appearing: Jean Finn, Deputy Minister

Years under review: 2014-2015, 2015-2016

Aboriginal Affairs Secretariat

Appearing: Bill Levesque, Deputy Minister

Years under review: 2015-2016

October 11, 2017

Department of Tourism, Heritage and Culture

Appearing: Françoise Roy, Deputy Minister

Years under review: 2015-2016

Department of Finance

Appearing: Nicole Picot, Deputy Minister

Years under review: 2015-2016

Treasury Board

Appearing: Gordon Gilman, Deputy Minister

Years under review: Human Resources, 2014-2015, 2015-2016

Department of Social Development

Appearing: Eric Beaulieu, Deputy Minister

Years under review: 2015-2016

October 12, 2017

Department of Social Development (continued from October 11, 2017)

Appearing: Eric Beaulieu, Deputy Minister

Years under review: 2015-2016

October 13, 2017

Department of Health

Appearing: Tom Maston, Deputy Minister

Years under review: 2015-2016

- Committee Proceedings

Historically, the Committee has reviewed as many individual departments and entities as practical during a given year. The Committee notes that it discussed changing the current practice to use its time more effectively. Specifically, departments should expect to appear before the Committee as many times as necessary in a given year, while other departments may only need review every other year.

- Annual Report Policy

The Committee noted a trend in the annual reports of many government departments. Members observed a reduction in the volume of detailed information that was previously included.

Section 5.1 of the annual report policy of government (AD-1605) states the following regarding the content of annual reports:

a. To the degree possible, departments and agencies should give a clear account of goals, objectives and performance indicators. The report should show the extent to which a program continues to be relevant, how well the organization performed in achieving its plans and how well a program was accepted by its client groups. [...]

b. Actual and budget financial information in summary form and a narrative explaining major variances as well as other aspects of financial performance are to be included in all annual reports.

The Committee therefore recommends to the House that annual reports should include the necessary detailed information to fully comply with the annual report policy of government.

The Committee further noted that reports prepared by the Office of the Auditor General play an important role in parliamentary oversight, specifically during deliberations of the Public Accounts Committee.

The Committee therefore recommends to the House that the government review the annual report policy and consider requiring annual reports to contain departmental responses on the implementation of Auditor General Recommendations, using consistent formatting to address the status of implementation of individual recommendations with clear reasoning.

And your Committee begs leave to make a further report.

Mr. Trevor Holder, MLA
Chair